



TURKS & CAICOS ISLANDS
NATIONAL INSURANCE BOARD

ANNUAL REPORT

2021-2022
2022-2023



Navigating Change: Inclusion,
Innovation & Impact

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Hon. Charles W. Misick
Premier & Minister of Finance
Hon. Hilly A. Ewing Building
1292 Leeward Highway
Providenciales
Turks & Caicos Islands

Dear Hon. Premier,

In accordance with Section 48(1) of the National Insurance Ordinance, I have the privilege of submitting to you, on behalf of the Board of Directors, the Annual Report of the National Insurance Board for fiscal years 2021/22 & 2022/23.

Included with this report are the audited financial statements of the National Insurance Board, together with the report of the Independent Auditors.

Trevor M. Cooke

Trevor M. Cooke
Chairman



CORPORATE INFORMATION

The Turks and Caicos Islands National Insurance Board was established under the National Insurance Ordinance No.10 of 1991 coming into effect April 6, 1992. The National Insurance is the sole provider of social insurance benefits to persons who are gainfully employed within the Turks and Caicos Islands between the ages of 16 and 65 years. The National Insurance Board (NIB) is a statutory body of the Turks & Caicos Islands Government.

HEAD OFFICE

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Church Folly
Grand Turk
Turks & Caicos Islands

Phone: (649) 946-1048
Email: nib@tcinib.tc
Web: www.tcinib.tc

BANKERS

CIBC Caribbean
1271 Leeward Highway
Providenciales
Turks & Caicos Islands

Scotiabank (Turks & Caicos) Ltd.
88 Cherokee Road
Providenciales
Turks & Caicos Islands

RBC Royal Bank (Bahamas) Ltd
Raleigh House
Leeward Highway
Providenciales
Turks & Caicos Islands

EXTERNAL AUDITORS

Baker Tilly
18 The Village at Grace
Bay
Providenciales
Turks & Caicos Islands

BRANCH OFFICES

Hon. Hilly A. Ewing Building
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Turks & Caicos Islands
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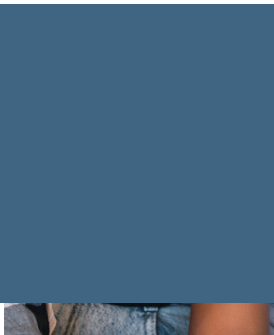
High Rock
Bottle Creek
North Caicos
Turks & Caicos Islands
Phone: (649) 946-7200

VISION, MISSION & CORE VALUES



VISION

"The NIB will be the most caring, trusted, fiscally sound provider of social security services"



MISSION

"To be fiscally prudent in the provision of dependable, transparent and excellent social security services to our beneficiaries"



CARING

We listen with empathy and act with compassion.

UNITY OF PURPOSE

We lift our team, because we go farther together.

PROFESSIONAL

We show up with excellence in everything we do.

INTEGRITY

We let honesty and ethics guide every decision.

RELIABLE

We are people others can count on.

TRANSPARENT

We communicate openly and clearly.

Message from the Minister



I am grateful and privileged for the opportunity to greet you once again in the capacity of Minister with responsibility for National Insurance and to share my government's vision for this institution within the context of our Citizens' Contract with the people of these beautiful by nature Turks & Caicos Islands.

New Ministry Assignment

One of the bold new steps of this administration is the reassignment of ministerial portfolios. The restructuring will see the transfer of the National Insurance Board from the Ministry of Finance, Trade and Investment to the Ministry of Education, Labour and Employment Services. We believe this arrangement enables synergistic collaboration with Labour and Employment Services to deliver a more efficient, seamless customer service experience to various stakeholders.

Unemployment Benefit

My government saw fit to extend the Temporary Unemployment Benefit program, allowing contributors to apply for the benefit for up to 1 year. I am mindful that the permanent Unemployment Benefit comes onstream in April 2022, and I remain cognizant that a new benefit comes at an increased cost. While many of our citizens continue to face financial challenges, the latest actuarial review recommended a rate increase to strengthen the reserves and reinforce the safety net of our social security system. We cannot risk jeopardizing our plan and must therefore proceed with the rate increase in 2022.

Our Vision

In keeping with my government's commitment to e-government, we will be looking to create a centralized database for the whole of government to move to a digital platform, facilitating the conduct of business with government and its statutory bodies online. We have begun this work by issuing a directive to merge the collection and compliance functions of the National Insurance Board and the National Health Insurance Board. Since both entities conduct business with the same customers, by implementing a more progressive system capable of processing payments for both, we stand to derive synergistic benefits, resulting in more efficient, seamless customer service and reduced costs.

The National Insurance Board continues to deliver on its mission. I wish to extend my thanks to the Board of Directors, Management, and Staff for your continued commitment and dedication in the pursuit of the institution's mission to provide social protection to the people of the Turks & Caicos Islands.

A handwritten signature in black ink that reads "C. Washington Misick".

Hon. C. Washington Misick, OBE
Premier



Message from the Chairman



Dear Shareholders, Partners, and Employees,

As we close another transformative year, I am honored for another opportunity to address you through this medium. My colleagues and I deem it a privilege to have served as Chairman and Members of the Board of Directors of this noble institution for another year. This has been another productive year for the National Insurance Board. The Board, management, and staff vigorously pursued its mandate, providing social protection to the people of our beloved Turks and Caicos Islands.

During the 2021/22 fiscal year, the National Insurance Board paid out more than \$23.4M in benefits and channeled \$31.9M to the reserves, registering a year-end figure of \$47.9M. It has been my aim, as Chairman, to leave this board even stronger than I found it. I am confident that we have acted, working closely with management, in the interest of the Fund and the people we serve.

Temporary Unemployment Benefit

This Board, having considered the hardship resulting from the “shelter in place” order, sought actuarial advice and agreed to establish a \$4M Temporary Unemployment Assistance Benefit fund. When the Fund designed to assist insured persons who were terminated, laid off, or underemployed due to COVID-19 was not fully utilized in 2020/21, a decision was made to extend it into 2021/22. This initiative was projected to assist approximately 4,000 insured persons, but ultimately assisted over 2,600 persons, paying out more than \$3.9M in benefits.

Multi-Employer Public Pension Plan

The Board also considered National Insurance’s participation in the public sector pension plan, which presents the institution with an opportunity to provide an additional level of retirement benefit for its employees. I commend this initiative to the next Chairman for further consideration.

Staffing

The National Insurance Board appointed three senior managers during the year: Miss Diandra Mills, Deputy Director; Mrs. Esther Ann Harvey, Financial Controller; and Miss Vanessa Kennedy, HR & Administration Manager. The Board extends its best wishes to these persons as they embark on a new chapter in their careers.

Expression of Thanks

I wish to register my sincere thanks to my colleagues, the management, and staff of the National Insurance Board for another year of dedicated service to this noble institution.

I am grateful to have been afforded the opportunity to serve as Chair of this Board. I wish to extend my very best wishes to the institution for its continued success, especially as it prepares to commemorate its 30th Anniversary. Happy Anniversary NIB!

Samuel R. Swann

Chairman



Samuel Swann
CHAIRMAN
UNTIL APRIL 27, 2022



Trevor Cooke
CHAIRMAN
W.E.F. APRIL 28, 2022



Ezra Taylor
*Deputy Chairman &
Employer Representative
until September 30, 2022*



Joseph Connolly
*Deputy Chairman &
Employer Representative
w.e.f. October 2022*



Sharon Been
Employer Representative



Athenee Harvey-Basden
Government Representative



Deveraux Malcolm
*Insured Person
Representative*



Floyd Seymour
Employer Representative



Alvin Garland
Employer Representative



Zaneta Burton
Government Representative



Danitra Clare
*Insured Person
Representative*



Rhesa Cartwright
CEO



Diandra Mills
DEPUTY DIRECTOR
OPERATIONS



Marie Smith
*Financial Controller
until March 31, 2022*



Esther Ann Harvey
*Financial Controller
w.e.f. April 1, 2022*



C. Richard Taylor
Internal Auditor



Leroy Tull
Legal Counsel



Gerilane Rigby
Investment Manager



Keith Jennings
*Information Systems
Manager*



Cherrie Ingham
*Research & Business Process
Analyst*



Dorean Williams
Marketing Manager



Susan Malcolm
*Human Resources Manager
until September 2021*



Vanessa Kennedy
*Human Resources Manager
w.e.f. October 1, 2021*



Christa Quelch
Grand Turk Branch Manager



Michael Dean
Providenciales Branch Manager

AUDIT

Deveraux Malcolm (Chairman)
Sharon Been (until Sep 30, 2022)
Trevor Cooke
Floyd Seymour
Rhesa Cartwright (CEO)
Richard Taylor (Internal Auditor)

INVESTMENT

Joseph Connolly (Chairman)
Trevor Cooke
Deveraux Malcolm
Floyd Seymour
Kenrick Walters
Sanford Lightbourne
Audley Higgs
Rhesa Cartwright (CEO)
Gerilane Rigby (Investment Manager)
Marie Smith / Esther Ann Harvey (Financial Controller)

HUMAN RESOURCES

Ezra Taylor (Chairman)
Athenee Harvey-Basden
Trevor Cooke
Dr. Hubert Fulford
Pastor Bradley Handfield
Danitra Clare
Zaneta Burton
Linda Williams
Melanie Smith (Financial Controller)
Rhesa Cartwright (CEO)

BUDGET

Joseph Connolly (Chairman)
Trevor Cooke
Sharon Been
Shernelle Capron
Sherlin Forbes
Zaneta Burton
Rhesa Cartwright (CEO)
Marie Smith / Esther Ann Harvey (Financial Controller)

TENDER

Trevor Cooke (Chairman)
Ezra Taylor
Zaneta Burton
Danitra Clare
Rhesa Cartwright (CEO)
Marie Smith / Esther Ann Harvey (Financial Controller)

GRIEVANCE

Deveraux Malcolm (Chairman)
Floyd Seymour
Danitra Clare
Zaneta Burton
Brook Capron
Claudia Been-Mullings

BUILDING

Ezra Taylor (Chairman)
Mark Macaulay
Marie Smith / Esther Ann Harvey (Financial Controller)
Rhesa Cartwright (CEO)



PERIOD IN REVIEW

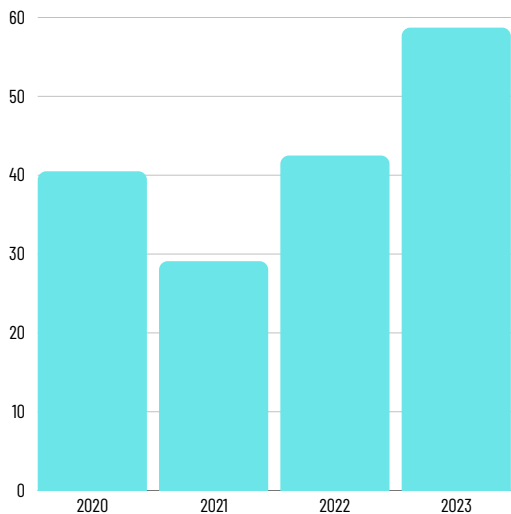
FINANCIAL STEWARDSHIP

BUILDING TRUST THROUGH SOUND MANAGEMENT

The NIB remains committed to its mission to responsibly manage the financial resources of the system to provide dependable, transparent and excellent social security services to the population of the TCI. Financial stewardship is a core aspect of keeping this promise ensuring that the system is sound, sustainable and is a reliable safety net that contributors, beneficiaries and stakeholders can count on now and into the future.

Over the two-year period covering this report, we continued to strengthen our internal controls, optimize collections, invest prudently and initiate a technological transformation to improve our service delivery and operational efficiency. These efforts ensured that benefit obligations were met on time and that the Fund maintained a stable financial footing, even in the face of external economic pressures.

Despite the impact of the COVID-19 pandemic and global financial uncertainties, the Fund maintained a solid reserve position, of \$412M by the end of FY2023. This reflects not only disciplined spending but also careful forecasting, planning and prudent investing. Our actual collections during the period from private sector, public sector and self-employed contributions exceeded budget estimates by 19%, coming in at \$101.21M over the two-year period. After benefit and administrative expenses, the net contributions (surplus) were \$30.21M over the wo-year period. These surpluses were channelled through to the investment program to further build up our reserves.



Bar chart showing the rising trend in contribution income over a 4-year period with 2021 being an outlier year due to the COVID-19 pandemic shutdown.

The NIB employs a disciplined approach toward maintaining its strategic asset allocation in its investment strategy through the construction of a diversified and optimal mix of asset classes to reduce risk exposure and achieve the return objectives of the Fund. With 30 years to build up reserves, we would consider ourselves a moderately aggressive investor maintaining a tilt toward equities and alternative investments. Periodic rebalancing of the portfolio is necessary to ensure the asset classes and risk remain within reasonable targets limits for our investor profile. In FY2022, the asset classes were at their strategic targets apart from private equity, which was underweight, cash which was over its target but within its acceptable range, and commodities which are no longer a part of the strategic asset allocation but is still allowable as an alternative investment asset in the Investment Policy Statement (IPS). By the end of FY2023, all asset classes remained within the acceptable ranges defined by the IPS.

In terms of fund performance, the financial markets were volatile over the period with the resurgence of certain COVID-19 variants, along with soaring inflation, restrictive monetary policies, geopolitical tensions and fears of slowing economic growth, all of which contributed to the investment program delivering \$65.57M in investment income but sustaining -\$66.10M in unrealized losses and \$4.75M in investment expenses over the two-year period. This resulted in a modest return of 1.04% over the 2-year period. This compared favourably to the program's custom benchmark which returned 0.86% over the period. Though underwhelming, the NIB maintained its focus as a long-term investor and has enjoyed a 3-year return of 10.75% and a 5-year return of 5.89%, both surpassing the actuarial target return of 5%.



STABILITY THROUGH SMART PLANNING

To maintain long-term sustainability, we continued to align our financial strategies with actuarial advice to ensure that today's obligations are balanced with tomorrow's needs. These measures extended the period of equilibrium (the point at which projected income can cover projected expenses) to 27 years from 17 years in the prior (9th) actuarial review.

Key measures that were implemented included:

- Adopting the recommendation of the Actuary in the 9th Review to increase the contribution rate to 12% from 8% in a phased multi-year approach beginning April 1, 2022.
- Implementing benefit reforms with a reduction in the benefit accrual rate to 20% from 30% for the first 500 contributions.
- Maintaining costs within budget guidelines.
- Enhancing compliance efforts to recover outstanding contributions, boosting our revenue intake. These efforts yielded \$4M over the two-year period.
- Rebalancing the investment portfolio to align with the prescribed strategic asset allocation.

The NIB benchmarks its financial performance against industry standards. Its benchmark for administrative efficiency as measured by administrative expenses over contribution income plus benefits is 8.5%. The NIB compared well against this benchmark with ratios of 6.78% and 7.47% in financial year end 2022 and 2023 respectively.

At the end of FY2022, the 10th actuarial review of the system was commissioned and by August 2022 it was delivered. This review determined that the NIB is projected to be financially sustainable for the medium to long-term and to have sufficient reserves to support the current projected expenditures for another 42 years.

TRANSPARENCY & ACCOUNTABILITY

We understand that financial transparency builds public trust, and the NIB is committed to demonstrating this through its annual external audits. The NIB commissioned external audits for both financial years with an unqualified report, affirming our adherence to national and international standards of financial reporting.

In this report, we have introduced a simplified method of presenting our financial results to our stakeholders, making it easier to understand where funds come from and how they are used. This is illustrated in a new *"Where Your Contributions Go"* infographic, now available in the Performance Dashboard section of this report.

LOOKING AHEAD

As we plan for the future, we are actively reviewing our investment portfolio to balance growth and risk responsibly. As a moderately aggressive investor, our goal is to protect the Fund's longevity while exploring new opportunities that align with our values and social objectives.

BENEFIT COVERAGE & ACCESSIBILITY

The National Insurance Board's legal mandate is to provide social protection to the working population, their dependents and the aged citizens of the Turks & Caicos Islands. For over 30 years, with 22 benefits available, the NIB has delivered on this promise of coverage and access. Over the two-year period, our focus of paying the right benefit to the right people at the right time has remained a top priority. During this time, we expanded coverage to 5,066 individuals through new registrations into the system. Of these new insured persons, 43% were female and 57% were male. At the end of FY2023, there were 23,689 active insured persons in our database gaining access to coverage. Employers that contribute alongside our insured persons also rose during the period by 1,170 employers.

KEEPING BENEFITS RELEVANT

Our goal is to always ensure that our benefits remain relevant, both in value and in circumstance. A major highlight of the period was the introduction of the Unemployment Benefit into the suite of benefits. This followed the introduction of a temporary unemployment benefit introduced during the COVID-19 pandemic lockdown where businesses furloughed their staff in response. After public consultation, it was decided to make this benefit a permanent offering. Coming into effect on October 1, 2022, this new benefit was designed to provide short-term coverage to those involuntarily unemployed by any reason other than their own misconduct. Due to our dominant hospitality industry and a slow season where many of our contributors are laid off, persons received this critical income replacement during these vulnerable times.

We also worked with legislators to provide earlier access to pensions without work restrictions. In August 2021, persons attaining the age of 60 years or more gained access to their retirement pension (at a reduced rate) while being able to remain employed, whereas previously, once in receipt of an early pension they were restricted from working. Those persons were no longer liable to pay contributions to the NIB though their employers remained liable for a partial contribution of 1.2% to cover employment injury. With this added flexibility and access, 75 persons accessed their pension earlier in the first six months after its introduction.

“

“Receiving my pension early gave me peace of mind and the confidence in making financial decisions for my golden years. The support and reliability of the NIB made a meaningful difference during a major transition in my life.”

Debra W.

”

Whereas our early retirement option allows persons to access their pensions earlier while still working, we sought to reward those who choose to access their pension later than age 65. In a reverse of the reduction factor for early retirement, amendments to the regulations were passed so that late retirees would be awarded an increase in their pension amount at a rate of 0.5% per month up to a maximum of 30%. These amendments allow prospective pensioners greater flexibility in managing their personal finances toward retirement.

We also recognized that our pensions should keep pace with inflation and purchasing power. In 2021 we provided increases to the death benefit awarded to pensioners at various rates ranging from 6.5% to 17.5% depending on the date the benefit was awarded.

In 2022, pension and grant related benefits were increased at various rates from 3.4% to 13.2% depending on the award year. These increases allow our pensioners to maintain their purchasing power by offsetting the effects of inflation on their pensions.



COVERAGE WITH IMPACT

Paying promised benefits is at the core of what we do. Our contributors and their dependents rely on our benefits to support them in their most vulnerable times. The pattern of benefit payments tells a story of the evolving needs of the insured person population and the shifting socio-economic dynamics.

Over the two-year period, we processed 12,052 claims that provided essential protections such as sickness benefits, maternity allowances and pensions to insured persons. This equated to over \$51.63M paid to beneficiaries.

Typically, on an annual basis we receive more claims in our long-term branch (i.e. pensions) than we do in any other branch. However, in the FY2022, our short-term claims far exceeded the number of claims received in the long-term or employment injury branches. This was due primarily to the introduction of the temporary unemployment benefit in October 2021 where over 2,100 claims were processed and paid by March 2022. This benefit earmarked \$4M for payments and by its close paid out \$3.09M. The period under review marked the tail-end of the COVID-19 pandemic and the level of sickness claims retreated to normal levels as COVID-19 related illness subsided.

Our long-term branch (those benefits paid for life) accounted for the greatest value of benefits paid over the period. These are our pensions, the cornerstone of our value proposition and the bulk of benefit expenditures. By end of the two-year period ending March 2023, the NIB paid over \$45M in long-term benefits representing 88% of its benefit expenditure.

Retirement Pensions

Retirement pensions account for the largest expenditure in the long-term branch. We approved over 850 new pensions over the period with an average monthly payment of \$807. All eligible pensioners are guaranteed to receive a minimum pension of \$460 per month since our recent benefit increase. At the end of FY2023, 596 persons were in receipt of this minimum amount which represented an increase/decrease of 42% over the previous 2-year period.

After the removal of the work restriction from early retirement, we observed a spike in the number of people accessing their pensions earlier than the previous year. At end FY2023, approximately 13% of pensioners are early retirees while 87% were at age 65 when applying. Though this trend increases benefit expenditure while reducing contribution income, early access penalties are meant to balance out any significant financial implications. The 10th Actuarial Review as at March 31, 2022 indicated that 100 active contributors supported 11 pensioners, however this number will multiply 6 times by 2055 onwards.

OUR PEOPLE



AVERAGE TENURE *
14
YEARS

4
PROMOTIONS

1
RETIREMENT

AVERAGE APPRAISAL SCORE
80%



LONG SERVICE ACHIEVEMENTS

The NIB proudly boasts longevity of staff with the organization. On average, staff have a tenure of 14 years. In FY2022, 9 members of staff received long service awards for attaining 15 or more years with the organization. In FY2023, the NIB recognized another 7 staff members attaining 15 years or more. Of notable mention, our Financial Controller, Mrs. Marie Smith celebrated a milestone 30 years with the organization and was recognized at the NIB's 30th Anniversary celebrations.

TRAINING & DEVELOPMENT

The high-level goals in the Learning & Growth Perspective of the Balanced Scorecard model in the NIB's strategic plan include developing highly engaged and motivated staff, and to provide training opportunities to develop staff members' competencies. During the two-year period covering this report, the NIB delivered 70 training opportunities to staff across all departments. Training areas included Risk Management, Cybersecurity Awareness, Change Management, Business Case Development, and a wide range of training focused on the new enterprise system.

The NIB creates opportunities for advancement within the organization through a scholarship or tuition reimbursement program. These opportunities to study online or abroad to develop competencies for their current roles or future opportunities. Over the two-year period, the NIB celebrated with staff members on their academic accomplishments. Sonovia Clare, Compliance Officer completed a master's degree in leadership in January 2023, Gerilane Rigby, Investment Manager achieved the Certified Investment Management Analyst (CIMA) designation in June 2022, and Darcia Forbes, Compliance Officer attained a Bachelor of Science in Business Administration in January 2023.

During the period, there were several promotions. These were:

- Vanessa Kennedy promoted to Human Resource & Administration Manager in October 2021.
- Diandra Mills promoted to Deputy Director Operations in May 2021.
- Esther Ann Harvey promoted to Financial Controller in April 2022.
- Doric Quant promoted to IT Support Officer in November 2022.

30TH ANNIVERSARY CELEBRATION

The NIB celebrated its 30th anniversary on April 6th, 2022. This milestone is significant not only for the organization, but for the Turks & Caicos as a whole. The NIB represents a beacon of financial strength for the TCI, a reliable institution run with integrity and professionalism, and one that holds the promise of future stability for many of the citizens and residents of the TCI. The celebrations focused on informing our stakeholders of our progress and performance through our Annual General Meeting and cocktail reception, engaging them in discussion on how the NIB has made a difference over the past 30 years, and celebrating with our Board of Directors and staff through an island adventure and staff awards gala.

APPOINTMENT OF A NEW CHAIRMAN AND DIRECTORS

The beginning of the 2022-2023 financial year came with the appointment of a new Chairman, Mr. Trevor Cooke who was a former CEO of the National Insurance Board from 1992 to 1997 and from 2004 to 2007. He also previously served as a Director on the Board. Other members joining the Board during the period included Mrs. Zaneta Burton, Ms. Danitra Clare, Mr. Joseph Connolly and Mr. Deveraux Malcolm.

FUTURE READINESS: BUILDING THE SYSTEMS OF TOMORROW, TODAY

We recognize that the world we live in today is rapidly evolving, and through the experience of the pandemic we understand that our customers desire to conduct business with us remotely, securely and with greater efficiency. In the middle of the pandemic, we were able to develop a basic online portal for customers to pay their contributions remotely. This was the impetus for a more comprehensive, all-encompassing enterprise system that would transform operations and service to our customers. In 2022, we took a major step forward by laying the technological foundation that will power our services for the next decade.

A NEW ERA OF EFFICIENCY AND SERVICE

In May 2022, the Board of Directors signed a landmark contract for the development of a state-of-the-art Enterprise Management System with Davyn Limited of Trinidad & Tobago with a contract value of \$1.4M. This new platform will unify our core functions—from contribution management to benefits processing—into a single, secure, and efficient system.

By replacing outdated processes of the legacy system with modern, integrated workflows, we will be able to:

- Process claims faster and with greater accuracy.
- Track employer payment patterns and manage arrears more efficiently.
- Improve real-time reporting for decision-making.
- Reduce duplication of work across departments.
- Move from a hard-coded, rules-based platform to a cloud

The customer interface will give insured persons 24/7 access to their contribution history and claims submission and employers. In September 2022, the Davyn team visited the TCI for a period of 3 weeks to document the NIB's processes to gain a better understanding of the new system requirements. They met with each department and received detailed procedures for all major processes.

A BETTER ONLINE EXPERIENCE FOR CONTRIBUTORS

The first phase of the project was to redesign the customer web portal to ensure that customers were still able to enjoy remote payments but at a greater degree of efficiency and service while we worked on the backend of the system. We enhanced our digital service delivery by providing key updates to the customer web portal which included:

- A simplified payment interface compatible with mobile devices.
- Secure integration with multiple banking and mobile payment options.

After beta testing by a select group of employers, and finetuning of the portal in key areas, we were able to conduct a soft launch. This improvement reflects our commitment to making it easier, faster, and safer for contributors to meet their obligations, freeing them from unnecessary paperwork and long queues.



SHARED SERVICES INITIATIVE WITH THE NATIONAL HEALTH INSURANCE BOARD

In November 2022, the Turks & Caicos Islands Government made a commitment to make doing business with government easier, improving customer service and coordinating stronger revenue management. Noticing the commonalities between the TCINIB and NHIP, the National Insurance Shared Services was commissioned. This initiative, though not a merger, sought to join those elements of each organization that shared the same customers, such as the registrations, collections, and compliance functions through a unified platform into the National Insurance Shared Services. Each organization's legacy systems would function parallel to the new unified system to still provide independence for their unique and core functions. The Davyn team, under this new scope documented the business rules for NHIP with a view to developing a shared platform.

LOOKING AHEAD

These initiatives not only seek to upgrade our technology infrastructure and service delivery, but they are investments in trust, accessibility, and resilience. By modernizing our core systems and empowering contributors with digital tools, we are giving our contributors greater access to social security and positioning the NIB to meet the demands of a growing, diverse, and tech-savvy population.

We've invested heavily in this digital transformation, one that will promote the sustainability, transparency, and responsiveness of the NIB for years to come. As these projects move from planning to implementation, we will continue to engage stakeholders, ensure smooth transitions, and deliver a social security system ready for the challenges and opportunities of the future.

“

“The sharing of services between the NIB and the NHIP represent a landmark move to increase efficiency for the customer and to also design internal systems toward innovation, accuracy and effectiveness.”

Mrs. Rhesa Cartwright-Rolle
CEO, National Insurance Board

”

PUBLIC ENGAGEMENT & EDUCATION

The COVID-19 pandemic reshaped how institutions communicate, engage, and deliver public service. In response, the Marketing and Public Relations Department of the Turks and Caicos Islands National Insurance Board shifted gears and took steps to ensure that our communications approach reflected the realities of a changing environment. From FY2022 through FY2023, our work was guided by the overarching theme of “Navigating Change: Inclusion, Innovation and Impact.”

We focused on breaking barriers, expanding coverage, and building trust by rethinking how we informed and engaged the public. With the pandemic forcing rapid changes, our department became a key driver in helping the organization adapt and connect meaningfully with our stakeholders.

INCLUSION

Recognizing the need to meet people where they are, we implemented outreach programs that promoted accessibility and clarity:

- Small group presentations on NIB benefits were delivered in churches, schools, civil organizations, and business places.
- Rollout of the Unemployment Benefit program, a direct response to the pandemic’s economic impact, provided urgent support to displaced workers.
- Engagement with major hotels and key stakeholders through site visits, one-on-one meetings, and tailored presentations ensured that large employer groups were fully briefed and supported.
- Townhall meetings created open forums for the public to ask questions and gain clarity on NIB’s evolving role and services.
- The Surcharge Waiver Program campaign made it easier for non-compliant contributors to regularize their status.

These efforts ensured our messages reached a diverse cross-section of the population, including seniors, self-employed persons, young professionals, and workers in the heavily affected hospitality sector.

INNOVATION

To modernize our communication approach, we embraced new tools and formats to engage with the public efficiently:

- Live radio broadcasts and Facebook Lives allowed real-time interaction with the public on benefits, policy changes, and claims.
- Regular appearances on "Financially Speaking" helped simplify complex NIB topics and boost trust.
- We introduced our web portal, improving functionality for self-service and easier access to paying and applications.
- Uploading of Board Meeting Summaries, on our website for public viewing, reinforcing transparency and accessibility.
- Deployed text blast messaging for important reminders, benefit deadlines, and public notices, ensuring timely delivery of critical information to a wide audience.
- Used Facebook Messaging and social platforms as frontline communication tools to reduce office visits.

These innovations reflected a shift from reactive communication to proactive engagement. We found that this was one of the quickest and fastest ways to get our word out.

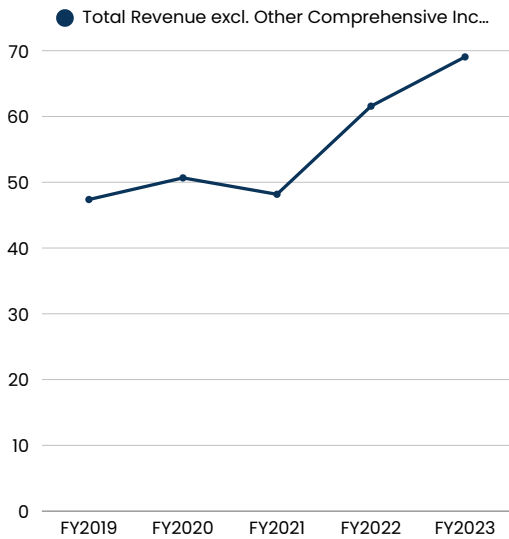


PERFORMANCE DASHBOARD



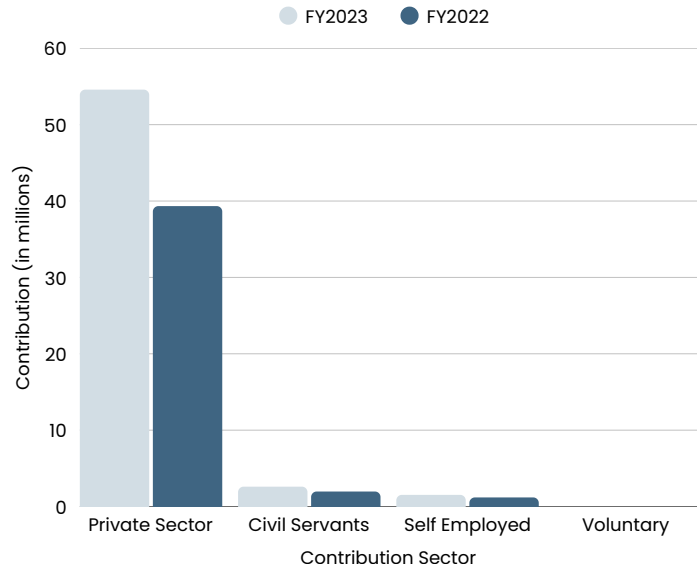
REVENUE GROWTH CHART

A line graph showing total revenue growth from 2019 to 2023, highlighting the 46% increase in 4 years.



CONTRIBUTION INCOME BY SECTOR

A bar chart comparing contribution income by sector over the two year period, showing positive trends.

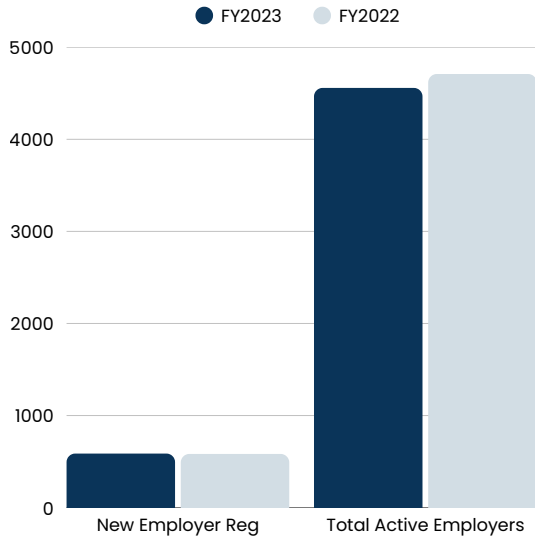


KEY FINANCIAL METRICS SUMMARY TABLE

Metric	2023	2022	Change
Total Contribution Income	\$58.715M	\$42.496M	+38%
Investment & Other Income	\$10.340M	\$19.074M	-46%
Benefits Expenditure	(\$28.269M)	(\$23.365M)	+21%
Administrative Expenditure	(\$6.254M)	(\$5.796M)	+8%
Year End Reserves	\$412.485M	\$417.876M	-1%
Investment Return	6.42%	-4.06%	

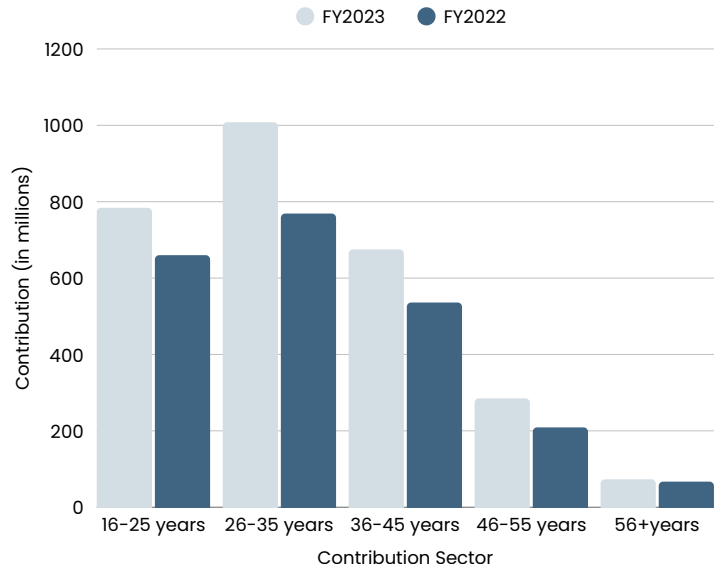
EMPLOYER REGISTRATIONS

A bar graph showing the increase in new employer registrations and total active employers over the period.

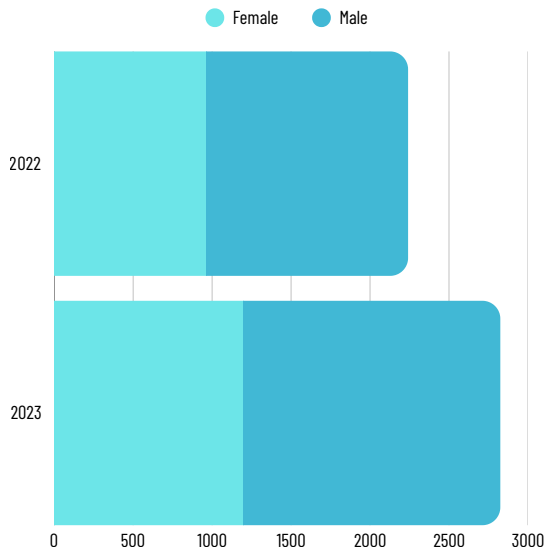


NEW INSURED PERSON REGISTRATIONS

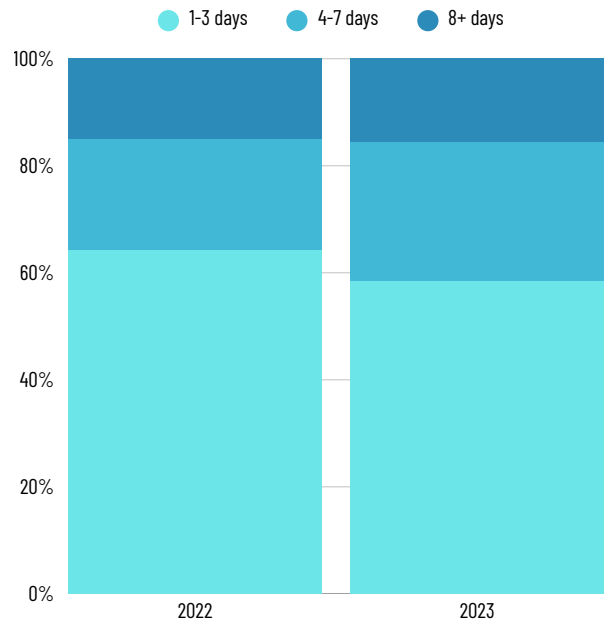
A bar chart comparing registration of insured persons by age, showing an increasing trend.



INSURED PERSON REGISTRATION BY GENDER

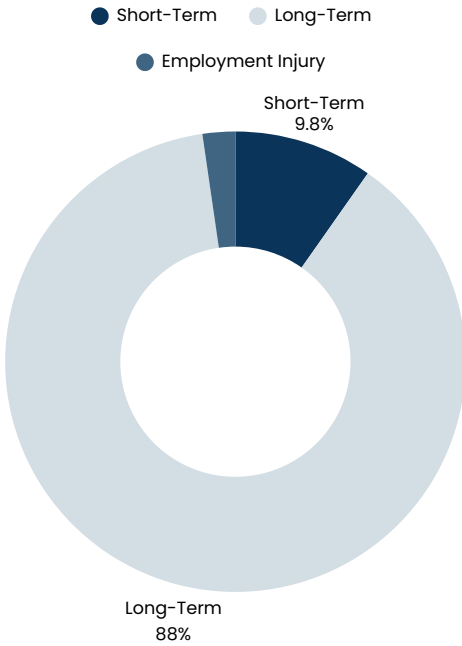


SERVICE DELIVERY STATISTICS - REGISTRATIONS



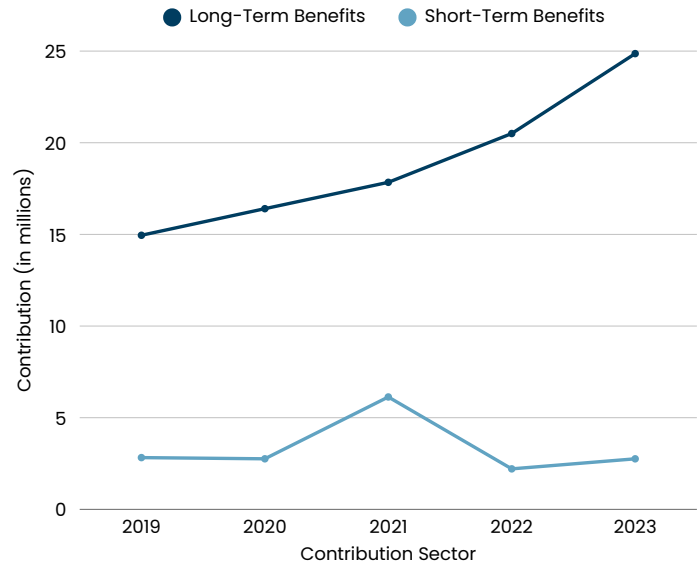
BENEFITS BY BRANCH

A pie chart showing the allocation of benefit payments by branch where long-term benefits such as pensions account for the majority of benefit payments.

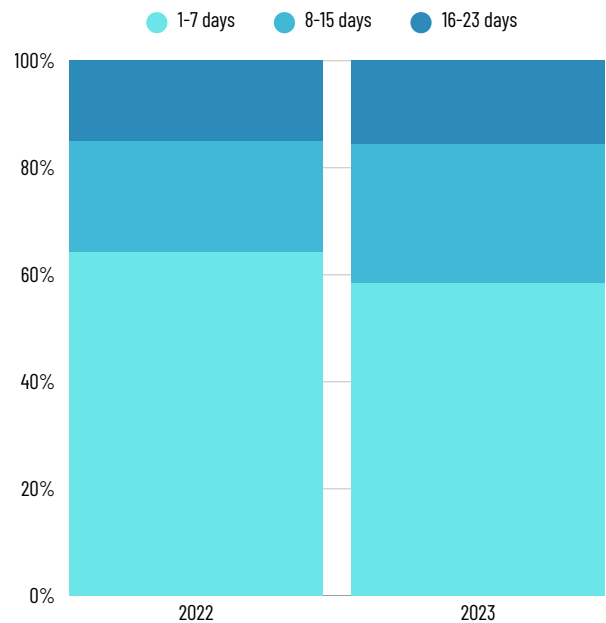


5-YEAR TREND IN BENEFITS

A line chart showing an increasing change in long-term benefits over the 5-year period 2019-2023. Short-term benefits show a stable trend except for a spike in FY2021 on the introduction of the temporary unemployment benefit.



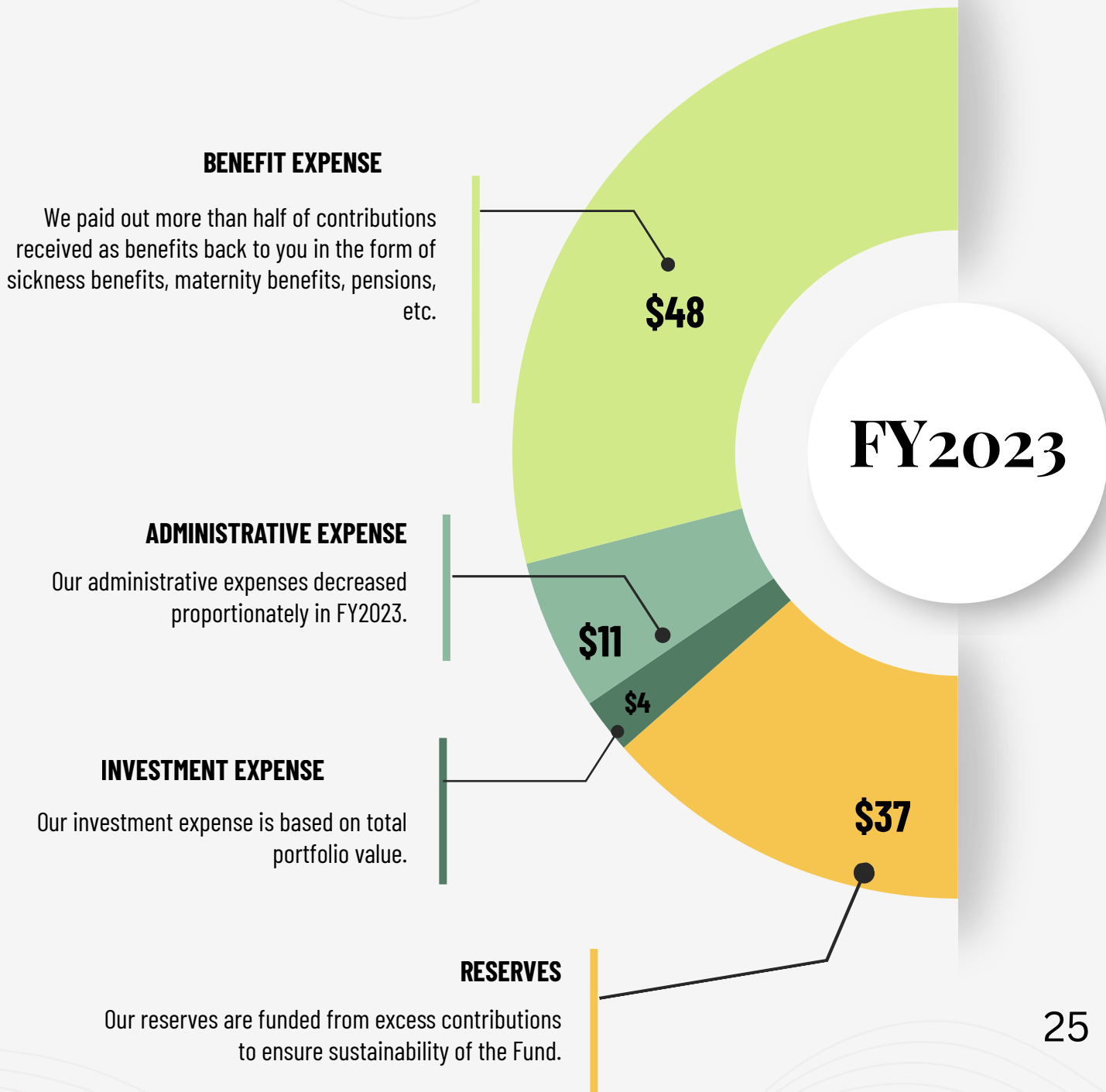
BENEFIT PROCESSING TIMES





How We Used Your Contributions in FY 2023

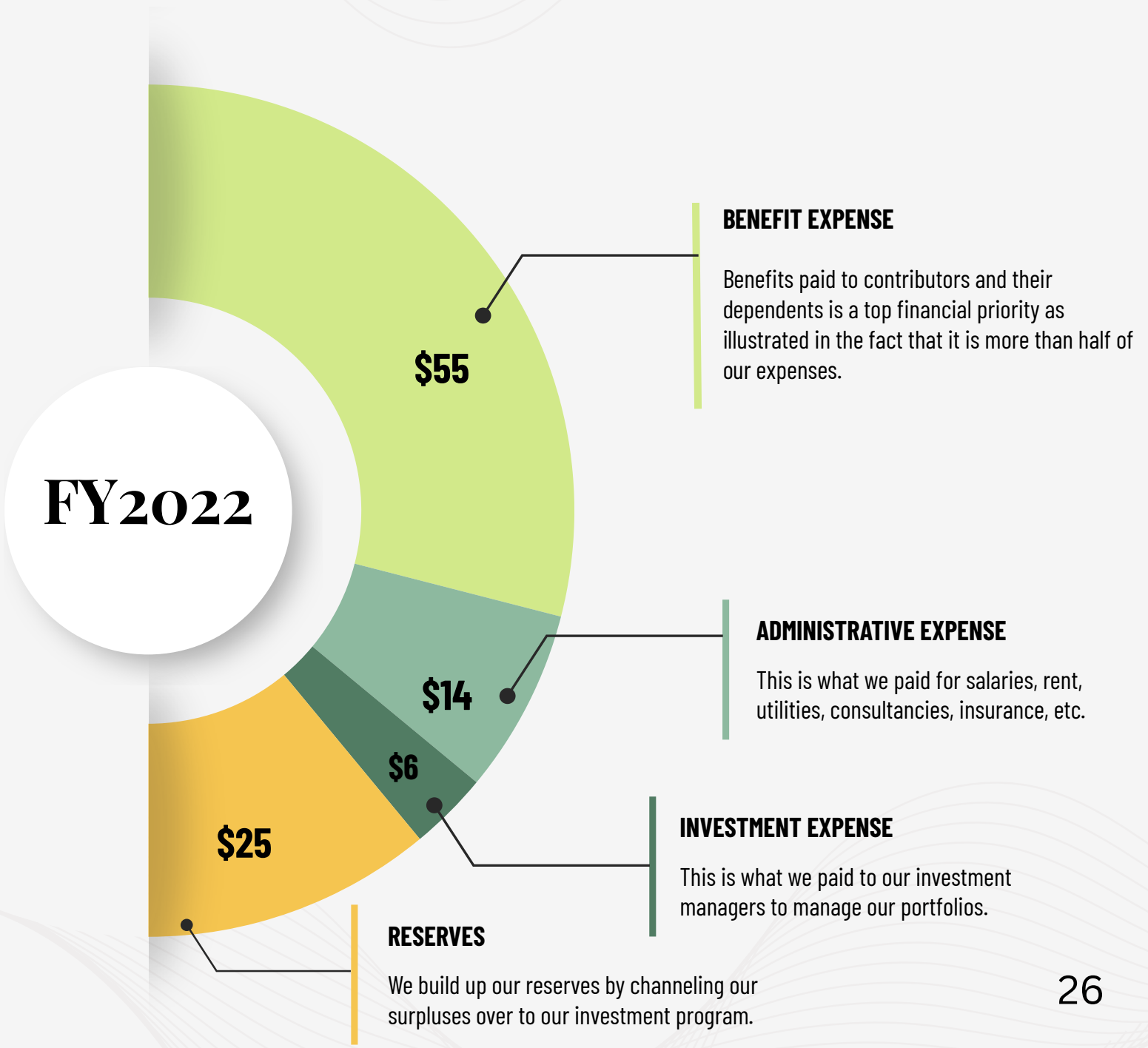
An illustration of how we spent every \$100 of contributions in FY2023



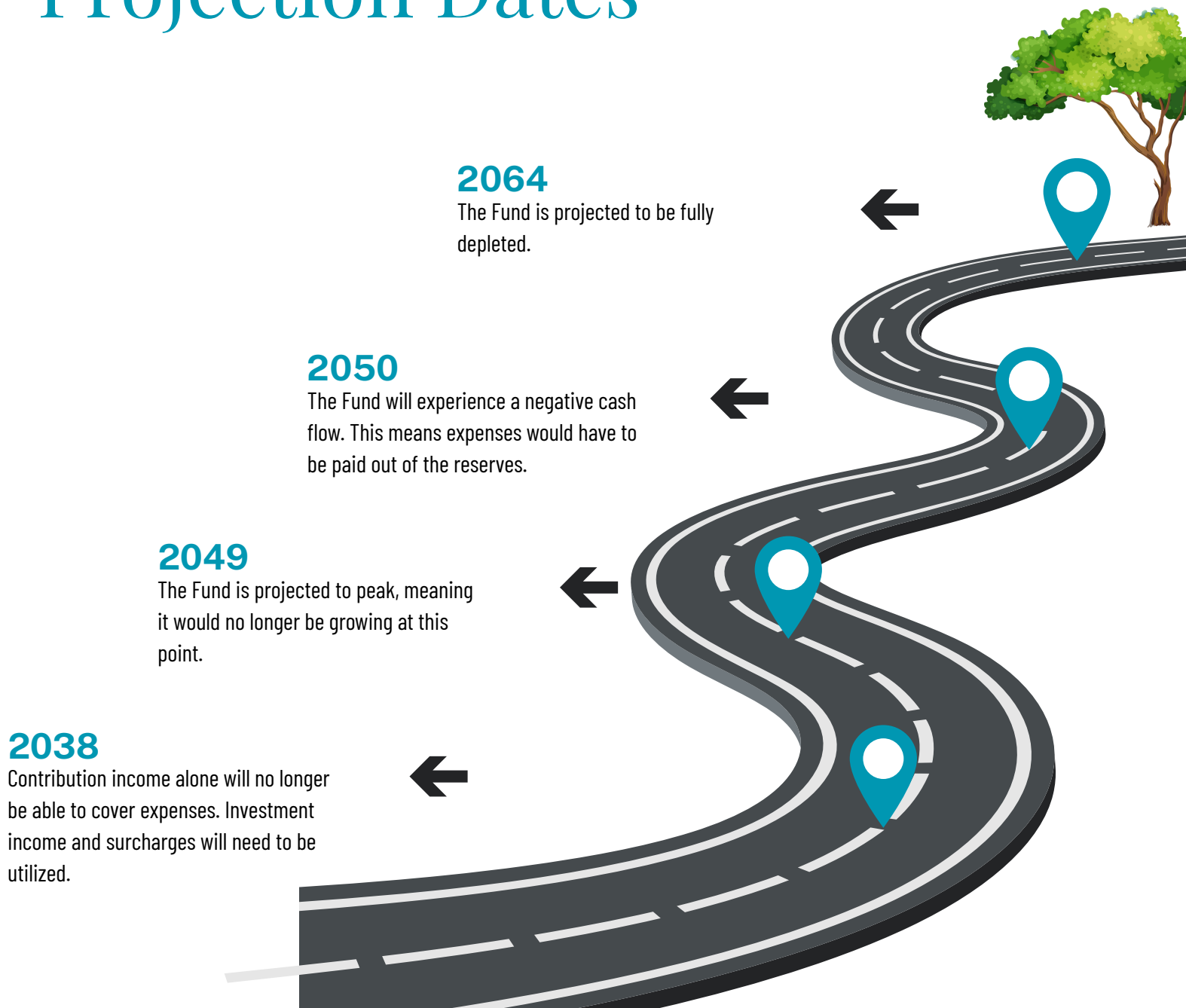



How We Used Your Contributions in FY 2022

An illustration of how we spent every \$100 of contributions in FY2022



10th Actuarial Review Key Projection Dates





**STATEMENT OF INTERNAL
CONTROLS**



Turks & Caicos Islands National Insurance Board

Head Office

P. O. Box 250
Grand Turk
Turks & Caicos Islands
British West Indies
Tel: (649) 946-1048/9
Fax: (649) 946-1362

Providenciales Branch Office

P. O. Box 283
Providenciales
Turks & Caicos Islands
British West Indies
Tel: (649) 941-5806/5906
Fax: (649) 941-5854

South Caicos Branch Office

General Delivery
South Caicos
Turks & Caicos Islands
British West Indies
Tel: (649) 946-3280
Fax: (649) 946-3664

North Caicos Branch Office

General Delivery
North Caicos
Turks & Caicos Islands
British West Indies
Tel: (649) 946-7200
Fax: (649) 946-7100

OUR REF:

STATEMENT ON INTERNAL CONTROL

YOUR REF:

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the National Insurance Board policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Public Finance Management Ordinance.

The Internal Controls of the National Insurance Board (NIB) are all the Policies and Procedures that the NIB has designed to give reasonable assurance regarding the achievement of organizational objectives in the following areas:

- Reliability of Financial Reporting
- Operational effectiveness and efficiency
- Compliance with applicable laws and regulation

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of NIB policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the NIB for the year ended 31, March 2023 and up to the date of approval of the annual report and accounts.

The NIB has developed a system of internal control that not only includes policies and procedures but also includes control activities which fall into two categories, namely that of prevention and detection. These activities are applied throughout the organization at all levels to the various functions and processes and include the following:

- Authorization

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E-mail: nisboard@tcinib.tc

Webpage: www.tcinib.tc

- Documentation
- Reconciliation
- Security
- Segregation of duties

Capacity to Manage Risk and the Risk Control Framework

The NIB has developed an operational Risk Register Report based on the risk(s) associated with its key performance strategies. This report highlights the cause and effect of each risk identified in the organization and the likelihood of its occurrence. In addition, it provides information on the remedial action being undertaken by the organization to address the risk both in the short term as well as in the future. This report is presented to the Board of Directors each quarter. Following approval by the Board of Directors the report is sent to the Permanent Secretary in the Ministry of Education, Labour, Employment and Customer Service.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditor and the executive managers within the National Insurance Board, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The effectiveness of the internal control system is reviewed via our current governance processes, and these include:

- Monthly management reports to the Board of Directors
- Quarterly Risk Register Report
- Monthly Internal Auditors reports to the Board of Directors
- Audit committee Reports to the Board
- Annual External Audit and Management Letter

I am therefore satisfied based upon the reviews conducted that the control environment of the NIB has been effective for the year ended March 2023. Where areas of weaknesses have been identified management has made the necessary adjustments and changes to strengthen the internal controls thus improving the overall effectiveness of the system of controls.



Rhesa Cartwright-Rolle

Director\CEO

Date: 14/11/2023

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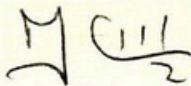
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Trevor Cooke
Chairman
Date 3/8/2022



FINANCIAL STATEMENTS

Financial Statements of

**TURKS AND CAICOS ISLANDS
NATIONAL INSURANCE BOARD**

Year ended March 31, 2023

Financial Statements of

**TURKS AND CAICOS ISLANDS
NATIONAL INSURANCE BOARD**

Year ended March 31, 2022

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Financial Statements

Year ended March 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Directors of the Turks and Caicos Islands National Insurance Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Turks and Caicos Islands National Insurance Board (NIB), which comprise the statement of financial position as at March 31, 2022, the statements of income, expenses and reserves, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of NIB as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of NIB in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 15 to these financial statements.

NIB has elected to apply International Accounting Standard 26, '*Accounting and Reporting by Retirement Benefit Plans*', which requires the actuarial present value of promised retirement benefits to be recognised on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has chosen to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements.

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Emphasis of Matter, continued

NIB's last two actuarial reviews were at March 31, 2022 and March 31, 2019. The actuarial present value of promised retirement benefits was US\$787 million at March 31, 2022 (2019: US\$636 million). NIB had total reserves of US\$418 million at March 31, 2022 (2019: US\$282 million). At March 31, 2022 there was therefore a shortfall of US\$369 million (2019: US\$354 million) between the total reserves and the actuarial present value of promised retirement benefits. As at the reporting date the Directors of NIB are considering ways in which this shortfall can be addressed.

Other Matter

As disclosed at notes 10 and 12 to these financial statements on April 9, 2010, TCI Bank Limited (TCI Bank) was placed into provisional liquidation and liquidation on October 29, 2010. At March 31, 2021, NIB held substantial long-term deposits with TCI Bank, a current account with TCI Bank and an investment in TCI Bank. NIB's management had made certain fair value adjustments in relation to NIB's various asset holdings with TCI Bank. Such fair value adjustments were disclosed more fully in the aforementioned notes to these financial statements and they included, but were not restricted to, a 45% fair value adjustment against the carrying value of NIB's long-term deposits and current account with TCI Bank. At March 31, 2021 NIB had received interim distributions of 55 cents on the dollar from the liquidator in respect of its long term deposits and current account.

Consequently, the impact on the statement of financial position of the carrying value of these asset holdings with TCI Bank and the impact of the changes in fair value reported in the statements of income, expenses and reserves at March 31, 2021 and for the year then ended could not be estimated with any reasonable certainty and might be material.

At March 31, 2021 the ultimate outcome of this matter could not be determined with certainty and the actual fair value adjustment that would ultimately be needed against the carrying value of NIB's various asset holdings with TCI Bank under IFRS 13, '*Fair Value Measurement*', and IFRS 9, '*Financial Instruments*', at March 31, 2021 could only be estimated using information available as at the date of our previous year report and could have varied significantly from the estimate provided because of the considerable inherent uncertainty involved. Accordingly, our audit opinion at March 31, 2021 was qualified in this regard.

At March 31, 2022 the concern outlined above with respect to the fair value adjustment that will ultimately be needed against the carrying value of NIB's various asset holdings with TCI Bank under IFRS 13 and IFRS 9 had been addressed by NIB and our audit opinion at March 31, 2022 is unqualified.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements, continued

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause NIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements, continued

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Turks and Caicos Islands' National Insurance Ordinance 1991 and National Insurance (Financial and Accounting) Regulations (hereafter referred to collectively as 'the Ordinance'), we also confirm that the presentation, structure and content of the financial statements of NIB as at March 31, 2022 and for the year then ended are consistent with the requirements of the Ordinance.

Intended Use of Report

This report is intended solely for the information and use of the Minister of Education, Labour, Employment and Customer Service of the Turks and Caicos Islands and the Directors of NIB and should not be relied on by anyone other than these specified parties.

BAKER TILLY LTD.

Chartered Accountants

Providenciales, Turks and Caicos Islands

September 29, 2022

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Financial Position

At March 31, 2022
with comparative figures at March 31, 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 5)	US\$ 42,931,066	50,871,538
Contributions and other receivables (note 6)	4,473,279	3,424,634
Short-term investments (note 7)	4,541,782	10,155,285
Other assets	65,694	49,895
	<u>52,011,821</u>	<u>64,501,352</u>
Non-current assets:		
Financial assets measured at fair value through other comprehensive income (FVOCI) (note 8)	400,874,020	358,483,796
Long-term receivables (note 9)	5,000,000	5,000,000
Long-term deposits (note 10)	867,624	–
Property and equipment (note 11)	2,765,722	3,130,578
Investment in TCI Bank Limited (note 12)	–	–
	<u>409,507,366</u>	<u>366,614,374</u>
	<u>US\$ 461,519,187</u>	<u>431,115,726</u>
Liabilities and Reserves		
Current Liabilities:		
Accounts payable and accrued expenses (note 13)	US\$ 841,312	612,556
Provision for unemployment assistance benefit (note 14)	96,330	3,188,159
	<u>937,642</u>	<u>3,800,715</u>
Non-current liabilities:		
Provisions for long-term benefits, other than promised retirement benefits (note 15)	42,706,000	41,334,000
	<u>43,643,642</u>	<u>45,134,715</u>
Reserves:		
Long-term benefit branch	281,885,264	264,872,091
Short-term benefit branch	53,429,716	47,485,906
Employment injury benefit branch		
Disablement and death benefit	82,423,241	73,354,352
Employment injury benefit (note 16)	137,324	268,662
	<u>417,875,545</u>	<u>385,981,011</u>
	<u>US\$ 461,519,187</u>	<u>431,115,726</u>

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

These financial statements were approved on behalf of the Board of Directors on September 29, 2022 by the following:

Trevor Cooke Chairman

Deveraux Malcolm Board Member

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserves

Year ended March 31, 2022

with comparative figures for year ended March 31, 2021

	2022	2021
Income:		
Contributions:		
Private sector	US\$ 39,336,778	26,337,301
Civil servants	1,966,487	1,957,385
Self employed	1,192,643	799,439
Voluntary	88	–
	42,495,996	29,094,125
Income from, and net realised gains on, financial assets measured at FVOCI (note 17)	16,783,023	17,420,952
Impairment recovery on assets with TCI Bank (note 10)	875,088	–
Interest and other income (note 18)	834,121	746,205
Surcharges (note 6)	581,323	907,726
	61,569,551	48,169,008
Expenses:		
Benefits (note 19)	(23,365,465)	(24,566,479)
General and administrative expenses (note 20)	(5,795,818)	(5,291,884)
Investment expenses (note 21)	(2,580,610)	(1,515,680)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)	(1,372,000)	(1,232,000)
	(33,113,893)	(32,606,043)
Net income before other comprehensive income	28,455,658	15,562,965
Other comprehensive income:		
Net realised gain on equity securities at FVOCI	39,331,925	10,883,192
Net change in fair value of financial assets measured at FVOCI (note 22)	(35,893,049)	79,295,923
	3,438,876	90,179,115
Net income for year	US\$ 31,894,534	105,742,080
Net income for year transferred to:		
Long-term benefit branch reserve	US\$ 17,013,173	71,907,349
Short-term benefit branch reserve	5,943,810	11,362,405
Employment injury benefit reserve	(131,338)	(48,089)
Disablement and death benefit reserve	9,068,889	22,520,415
	US\$ 31,894,534	105,742,080

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserve
Long-Term Benefit Branch

Year ended March 31, 2022
with comparative figures for year ended March 31, 2021

	2022	2021
Income:		
Contributions:		
Private sector	US\$ 27,044,035	18,106,895
Civil servants	1,578,931	1,571,623
Self employed	964,638	646,605
Voluntary	88	–
	29,587,692	20,325,123
Income from, and net realised gains on, financial assets measured at FVOCI	11,517,029	11,995,584
Impairment recovery on assets with TCI Bank	600,512	–
Interest and other income	572,400	513,816
Surcharges	399,660	624,062
	42,677,293	33,458,585
Expenses:		
Benefits (note 19)	(20,502,891)	(17,840,851)
General and administrative expenses	(3,883,198)	(3,545,563)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)	(1,867,000)	(1,216,000)
Investment expenses	(1,770,894)	(1,043,655)
	(28,023,983)	(23,646,069)
Net income before other comprehensive income	14,653,310	9,812,516
Other comprehensive income:		
Net realised gain on equity securities at FVOCI	26,990,782	7,493,863
Net change in fair value of financial assets measured at FVOCI	(24,630,919)	54,600,970
	2,359,863	62,094,833
Net income for year	US\$ 17,013,173	71,907,349

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserve
Short-Term Benefit Branch

Year ended March 31, 2022
with comparative figures for year ended March 31, 2021

	2022	2021
Income:		
Contributions:		
Private sector	US\$ 6,392,226	4,279,811
Self employed	228,005	152,834
Civil servants	43,062	42,862
	6,663,293	4,475,507
Income from, and net realised gains on, financial assets measured at FVOCI	2,064,757	2,245,604
Impairment recovery on assets with TCI Bank	107,659	–
Interest and other income	102,619	96,188
Surcharges	94,465	147,505
	9,032,793	6,964,804
Expenses:		
Benefits (note 19)	(2,209,283)	(6,131,718)
General and administrative expenses	(985,289)	(899,620)
Investment expenses	(317,484)	(195,375)
	(3,512,056)	(7,226,713)
Net income/(loss) before other comprehensive income	5,520,737	(261,909)
Other comprehensive income:		
Net realized gains on equity securities at FVOCI	4,838,870	1,402,871
Net change in fair value of financial assets measured at FVOCI	(4,415,797)	10,221,443
	423,073	11,624,314
Net income for year	US\$ 5,943,810	11,362,405

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserves
Employment Injury Benefit Branch

Year ended March 31, 2022
with comparative figures for year ended March 31, 2021

	2022	2021
Income:		
Contributions:		
Private sector	US\$ 5,900,517	3,950,595
Civil servants	344,494	342,900
	6,245,011	4,293,495
Income from, and net realised gains on, financial assets measured at FVOCI	3,201,237	3,179,764
Impairment recovery on assets with TCI Bank	166,917	–
Interest and other income	159,102	136,201
Surcharges	87,198	136,159
	9,859,465	7,745,619
Expenses:		
General and administrative expenses	(927,331)	(846,701)
Benefits (note 19)	(653,291)	(593,910)
Investment expenses	(492,232)	(276,650)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)	495,000	(16,000)
	(1,577,854)	(1,733,261)
Net income before other comprehensive income	8,281,611	6,012,358
Other comprehensive income:		
Net realised gain on equity securities at FVOCI	7,502,273	1,986,458
Net change in fair value of financial assets measured at FVOCI	(6,846,333)	14,473,510
	655,940	16,459,968
Net income for year	US\$ 8,937,551	22,472,326
Net income for year transferred to:		
Employment injury benefit reserve	US\$ (131,338)	(48,089)
Disablement and death benefit reserve	9,068,889	22,520,415
	US\$ 8,937,551	22,472,326

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Changes in Reserves

Year ended March 31, 2022

with comparative figures for year ended March 31, 2021

	Long-Term Benefit Branch US\$	Short-Term Benefit Branch US\$	Employment Injury Benefit Branch		Total US\$
			Employment injury benefit US\$	Disablement and death benefit US\$	
Balance at April 1, 2020	192,964,742	36,123,501	316,751	50,833,937	280,238,931
Transfer from net income for year	71,907,349	11,362,405	(48,089)	22,520,415	105,742,080
Balance at March 31, 2021	264,872,091	47,485,906	268,662	73,354,352	385,981,011
Balance at April 1, 2021	264,872,091	47,485,906	268,662	73,354,352	385,981,011
Transfer from net income for year	17,013,173	5,943,810	(131,338)	9,068,889	31,894,534
Balance at March 31, 2022	281,885,264	53,429,716	137,324	82,423,241	417,875,545

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Cash Flows

Year ended March 31, 2022

with comparative figures for year ended March 31, 2021

	2022	2021
Cash flows from operating activities:		
Net income before other comprehensive income	US\$ 28,455,658	15,562,965
Adjustments for:		
Change in fair value of TCI Government (TCIG) bonds (note 18)	–	52,426
Property and equipment written-off (note 11)	54,616	–
Depreciation of property and equipment (note 11)	412,557	433,635
Interest income (note 18)	(474,440)	(513,146)
Recovery on long-term deposits (note 10)	(867,624)	–
Brokers' fees on financial assets measured at FVOCI (note 21)	2,550,610	1,498,929
Income from, and net realised gains on, financial assets measured at FVOCI (note 17)	(16,783,023)	(17,420,952)
	<u>13,348,354</u>	<u>(386,143)</u>
<i>Changes in operating assets:</i>		
Change in contributions and other receivables, net of interest receivable, net	(925,554)	1,340,715
Change in other assets	(15,799)	12,013
<i>Changes in operating liabilities:</i>		
Change in accounts payable and accrued expenses	228,756	145,101
Change in provision for unemployment assistance benefit	(3,091,829)	3,188,159
Change in provisions for long-term benefits, other than promised retirement benefits	1,372,000	1,232,000
<i>Net cash from operating activities</i>	<u>10,915,928</u>	<u>5,531,845</u>
Cash flows (used in)/from investing activities:		
Change in short-term investments	5,613,503	(4,155,285)
Net additions to financial assets measured at FVOCI	(234,680,721)	(113,750,285)
Net proceeds from financial assets measured at FVOCI	209,961,786	132,061,011
Interest income received	351,349	565,478
Additions to property and equipment	(102,317)	(89,009)
Proceeds from partial repayment of TCIG bonds	–	150,000
<i>Net cash (used in)/from investing activities</i>	<u>(18,856,400)</u>	<u>14,781,910</u>
Net (decrease)/increase in cash and cash equivalents	(7,940,472)	20,313,755
Cash and cash equivalents at beginning of year	50,871,538	30,557,783
Cash and cash equivalents at end of year	US\$ 42,931,066	50,871,538

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements

Year ended March 31, 2022

1. General information

The Turks and Caicos Islands National Insurance Board (NIB) is a body corporate established in the Turks and Caicos Islands (TCI) on April 6, 1992 pursuant to section 27 of the National Insurance Ordinance 1991 (the Ordinance), as revised. NIB's primary purpose is to control and manage the National Insurance Fund ("the Fund") established under section 46 of the Ordinance so as to provide various benefits to persons insured under the Ordinance.

NIB's registered office address is at the Hon. L. Headley Durham building, Grand Turk, TCI.

2. Basis of preparation

(a) *Statement of accounting*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Ordinance.

Details of NIB's significant accounting policies are included at note 3.

These financial statements have been prepared on a fair value basis for all assets held for investment purposes and under the historical cost convention for all other assets and liabilities.

The methods used to measure fair values are discussed further at note 4.

(b) *Functional and presentation currency*

These financial statements are presented in United States (US) dollars, which is NIB's functional currency. All financial information presented in US dollars has been rounded to the nearest dollar, unless otherwise indicated.

(c) *Use of estimates and judgements*

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

2. Basis of preparation, continued

(c) Use of estimates and judgements, continued

- Note 6 – Contributions and other receivables
- Note 10 – Long-term deposits
- Note 12 – Investment in TCI Bank Limited
- Note 14 – Provision for unemployment assistance benefit
- Note 15 – Actuarial review

These financial statements have been prepared on a going concern basis. No adjustments or reclassifications have been made that might be necessary if a basis of accounting other than a going concern basis were to be used.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Non-derivative financial instruments

(i) Recognition and initial measurement

NIB initially recognises accounts receivable and debt securities on the date they are originated. All other financial assets and financial liabilities (including regular-way purchases and sales of financial assets) are initially recognised on the trade date when NIB becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless NIB changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets, continued

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, NIB may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition, NIB may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NIB has the following financial assets measured at amortised cost: cash and cash equivalents, contributions and other receivables, short-term investments, long-term receivables and long-term deposits.

Cash and cash equivalents comprise cash at investment managers, cash at banks - savings and current accounts, certificate of deposit and cash on hand.

Cash equivalents are short-term highly liquid investments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change of value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Contributions and other receivables comprise outstanding contributions from private employers and the self-employed, surcharges receivable, other receivables and interest receivable.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets, continued

Long-term deposits are designated as FVTPL to comply with the requirements of International Accounting Standard 26, *Accounting and Reporting by Retirement Benefit Plans*, (IAS 26).

Financial assets – Business model assessment

NIB makes an assessment of the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to NIB's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, consistent with NIB's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time - e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, NIB considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, NIB considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features;
- terms that limit NIB's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in the statement of income, expenses and reserves. Any gain or loss on derecognition is also recognised in the statement of income, expenses and reserves.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Subsequent measurement and gains and losses, continued

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of income, expenses and reserves.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, realised gains and impairment are recognised in the statement of income, expenses and reserves. Other net gains and losses are recognised in other comprehensive income in the statement of income, expenses and reserves.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the statement of income, expenses and reserves unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income in the statement of income, expenses and reserves.

Non-derivative financial liabilities – Classification, subsequent measurement and gains and losses

Non-derivative financial liabilities are classified as measured at amortised cost. These are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the statement of income, expenses and reserves. Any gain or loss on derecognition is also recognised in the statement of income, expenses and reserves.

NIB's non-derivative financial liabilities are accounts payable and accrued expenses.

(iii) *Derecognition*

Financial assets

NIB derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which NIB neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(iii) *Derecognition, continued*

Financial assets, continued

NIB enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

NIB generally derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. NIB also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of income, expenses and reserves.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, NIB currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard.

(b) *Provisions*

A provision is recognised if, as a result of a past event, NIB has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Per IAS 26, NIB has an option as to whether it discloses the actuarial present value of promised retirement benefits on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(b) Provisions, continued

NIB has elected to disclose the actuarial present value of promised retirement benefits in a note to the financial statements (note 15). This actuarial present value is calculated every three years.

The actuarial present value of long-term benefits, other than promised retirement benefits, is calculated annually by an independent actuary and was most recently quantified at March 31, 2022 (note 15) and recognised in NIB's financial statements in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and IAS 1, *Presentation of Financial Statements*.

(c) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and impairment losses (note 3(f)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of property and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses arising from the disposal of property and equipment are reflected in the statement of income, expenses and reserves.

(ii) Subsequent costs

The cost of replacing an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to NIB and its cost can be reliably measured. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property and equipment is recognised in the statement of income, expenses and reserves, as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of income, expenses and reserves on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(c) Property and equipment, continued

(iii) Depreciation, continued

Estimated useful lives for the current and comparative periods are as follows:

Buildings	25 years
Furniture & Fixtures	3-10 years
Computer Equipment	3-10 years
Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if necessary.

(d) Reserves

The TCI National Insurance (Financial and Accounting) Regulations (the Regulations) require benefits and reserves to be grouped into three separate benefit branches (the Benefit Branches) and four reserves, respectively, as follows:

- (i) Long-Term Benefit Branch, comprising retirement benefit, invalidity pension, survivors' benefit, funeral grant and non-contributory old age pension.

A Long-Term Benefit Reserve is constituted by annually transferring the excess of income over expenses of the Long-Term Benefit Branch.

- (ii) Short-Term Benefit Branch, comprising unemployment benefit, sickness benefit and maternity benefit.

A Short-Term Benefit Reserve is constituted by annually transferring the excess of income over expenses of the Short-Term Benefit Branch.

- (iii) Employment Injury Benefit Branch, comprising injury benefit, disablement benefit, death benefit, death grant payable on death due to employment injury and medical care.

An Employment Injury Benefit Reserve is constituted to finance employment injury benefit, disablement grant, death grant and medical care by annually transferring that part of the net income of the Employment Injury Benefit Branch that is sufficient to maintain the level of the reserve at one-half of the amount paid for the said benefits in the two previous financial years.

- (iv) After the aforementioned transfer to the Employment Injury Benefit Reserve has been made in accordance with the Regulations the remaining net income of the Employment Injury Benefit Branch is transferred annually to the Disablement and Death Benefit Reserve.

Further information on the allocation of income and expenses to the reserves is provided at note 3(e)(v).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(e) Revenue and expense recognition

(i) Contribution and surcharge income

Contribution income is recognised on an accruals basis, at the requisite statutory rates, utilising employer monthly contribution statements, which are settled in arrears.

Surcharges are recognised on an accruals basis at the requisite statutory rates.

(ii) Rental income

Rental income is recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(iii) Investment income

Investment income comprises interest income on funds invested (including financial assets measured at FVOCI), dividend income, gains on the disposal of financial assets measured at FVOCI and change in fair value of financial assets measured at FVOCI.

Interest income is recognised in the statement of income, expenses and reserves as it accrues, using the effective interest rate method.

Dividend income is recognised in the statement of income, expenses and reserves on the date that NIB's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

Gains on the disposal of financial assets measured at FVOCI are included in the statement of income, expenses and reserves in the period in which they arise.

(iv) Benefits, general and administrative expenses

Expenditure on benefits is recognised when NIB's obligation to make a payment has been established, which is generally upon approval of a claim.

General and administrative expenses are recognised on an accruals basis.

Long-term benefits (other than provisions for long-term benefits), such as retirement pension, old age non contributory, survivors, invalidity pension, retirement, funeral and survivors grants are generally recognised upon approval of a claim subject to the provisions of sections 3(1), 53(1), 14(1), 7(1), 3(4), 20(1) and 14(2) of the TCI National Insurance (Benefit) Regulations (the Benefit Regulations), respectively.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(e) Revenue and expense recognition, continued

(iv) Benefits, general and administrative expenses, continued

Short-term benefits (other than provisions for short-term benefits), such as unemployment, maternity allowance, sickness and maternity grants are generally recognised upon approval of a claim subject to the provisions of sections 28(1), 22(1) and 33(1) of the Benefit Regulations, respectively.

Employment injury benefits (other than provisions for employment injury benefits), such as disablement, death and injury are generally recognised upon approval of a claim subject to the provisions of sections 39(1), 45 and 35(1) of the Benefit Regulations, respectively.

As disclosed at notes 3(i) and 15, NIB has chosen to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements as per IAS 26. An actuarial valuation is performed every 3 years. The latest valuation was performed as at March 31, 2022. Certain results of the actuarial valuation as at March 31, 2022 are disclosed further at note 15.

The actuarial present value of long-term benefits, other than promised retirement benefits, was quantified by an independent actuary at March 31, 2022 and 2021 (note 15) and recognised in NIB's financial statements in accordance with IAS 37.

(v) Basis of apportionment of income and expenses

The statutory rates of total contributions, which are applied on an employed and self-employed person's earnings and stipulated under sections 4, 14 and 19 of the TCI National Insurance (Contributions) Regulations (the Contributions Regulations), are as follows: Civil Servants 6.85%; Private Sector (general) 8.00%; Private Sector (under section 4(3) of the Contributions Regulations) 2.50% and (under section 4(4) of the Contributions Regulations) 1.20%; Self Employed 6.80%; and Voluntary 5.50%.

Sections 4(3) and 4(4) of the Contributions Regulations relate to the employment of a temporary resident and employment of an insured person sixty years and older and who is in receipt of a retirement pension which contributions are payable at a rate of 2.5% and 1.20%, respectively, and not the standard 8% for all other private sector workers.

Section 13(1) of the Regulations provides that the aforementioned total contribution and surcharge income (note 3(e)(i)) shall be allocated among the Benefit Branches as follows:

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(e) Revenue and expense recognition, continued

(v) Basis of apportionment of income and expenses, continued

Contributions from:	Long-Term Benefit Branch	Short-Term Benefit Branch	Employment Injury Benefit Branch
Civil Servants	5.50 / 6.85	0.15 / 6.85	1.20 / 6.85
Private Sector (general)	5.50 / 8.00	1.30 / 8.00	1.20 / 8.00
Private Sector (under section 4(3) of the Contributions Regulations)	–	1.30 / 2.50	1.20 / 2.50
Private Sector (under section 4(4) of the Contributions Regulations)	–	–	1.20 / 8.00
Self Employed	5.50 / 6.80	1.30 / 6.80	–
Voluntary	10.00 / 10.00	–	–

Effective April 1, 2017 a new contribution ceiling was implemented by NIB increasing from US\$810/week or US\$3,500/month to US\$925/week or US\$4,000/month.

Section 13(2) of the Regulations provides that income from investments of reserves shall be allocated to the Benefit Branches in proportion to the amount of the reserve of each Benefit Branch at the beginning of the respective year.

Investment income and expenses for the year ended March 31, 2022 and 2021 were allocated as follows:

	2022	2021
Long-Term Benefit Branch	68.62%	68.86%
Short-Term Benefit Branch	12.30%	12.89%
Employment Injury Benefit Branch	19.08%	18.25%
	100.00%	100.00%

Section 14(1) of the Regulations provides that expenditure on each benefit shall be ascribed to the appropriate branch.

Section 14(2) of the Regulations provides that the administrative expenditure of NIB shall be distributed among the Long-Term Benefit Branch, Short-Term Benefit Branch and Employment Injury Benefit Branch in the proportion of 67%, 17% and 16%, respectively.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(f) Impairment

(i) Non-derivative financial assets

NIB recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt securities at FVOCI.

NIB measures loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than contributions and other receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas a 12-month ECL is that part of an ECL that results from default events that are possible within the 12 months after the reporting date.

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which NIB is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* the present value of all cash shortfalls - i.e. the difference between the cash flows due to NIB in accordance with the contract and the cash flows that NIB expects to receive; and
- *Financial assets that are credit-impaired at the reporting date:* the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, NIB assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(f) *Impairment, continued*

(i) *Non-derivative financial assets, continued*

Credit-impaired financial assets, continued

Evidence that a financial asset is credit-impaired includes, but is not restricted to, the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to NIB on terms that NIB would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in debt securities is credit-impaired, NIB considers the following factors:

- the market's assessment of creditworthiness as reflected in bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowances on the statement of financial position

Loss allowances for ECLs are presented as follows:

- *Financial assets measured at amortised cost*: the loss allowance is deducted from the gross carrying amount of the assets; and
- *Debt investments at FVOCI*: the loss allowance is recognised in other comprehensive income/reserves and does not reduce the carrying amount of the financial asset on the statement of financial position.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(f) *Impairment, continued*

(i) *Non-derivative financial assets, continued*

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when NIB determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with NIB's procedures for recovery of amounts due.

(ii) *Non-financial assets*

At each reporting date, NIB reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of income, expenses and reserves.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(g) Leases

(i) As a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Dual-use assets that are leased out under operating leases are included in property and equipment on the statement of financial position. Rental income is recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease.

(ii) As a lessee

- *Lease term is 12 months or less or the underlying asset has a low value.*

Rental expenses are recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total rental expenses, over the term of the lease, if any.

- *Lease term is more than 12 months or the underlying asset has a high value.*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are recognised on the statement of financial position of NIB unless the lease term is 12 months or less or the underlying asset has a low value. NIB recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments on the statement of financial position.

The right-of-use asset is initially measured at cost, which is the present value of the lease payments that are not paid at that date, and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Depreciation of a right-of-use asset and interest on the lease liability is recognised in the statement of income, expenses and reserves over the lease term, and payment of principal and interest on the lease liability is presented separately within financing activities in the statement of cash flows.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(h) Taxation

Under current TCI law, NIB is not required to pay any taxes in TCI on either income or capital gains. Consequently, no tax liability or expense has been recorded in these financial statements.

(i) Actuarial present value of promised retirement benefits

IAS 26 permits the recognition of promised retirement benefits on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has elected to recognise the actuarial present value of its promised retirement benefits in the notes to the financial statements (note 15). The actuarial present value of other long-term benefits has been recognised as a liability on the statement of financial position for all reporting periods.

(j) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions apply:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled, or jointly controlled, by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Significant accounting policies, continued

(j) *Related parties, continued*

(ii) An entity is related to a reporting entity if any of the following conditions apply:, continued

- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions pertain to transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(k) *New standards and interpretations to published standards not yet adopted*

The following are new standards and interpretations to published standards, issued but not effective for the financial year beginning April 1, 2021 and not early adopted by NIB:

- IFRS 17, *Insurance Contracts* – IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted only for entities that also apply both IFRS 9 and IFRS 15.

IFRS 17 is not expected by management to be either relevant or significant to NIB's operations and, accordingly, will not have a material impact on NIB's accounting policies.

4. Determination of fair values

A number of NIB'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, as described below. Where applicable, further information about the assumptions made in determining fair value has been disclosed in the notes specific to that asset or liability.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

(a) *Financial assets measured at FVOCI*

The fair value of financial assets measured at FVOCI is determined by reference to their quoted prices in an active market at the reporting date.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

4. Determination of fair values, continued

(b) *Investment in, and assets held with, TCI Bank*

NIB's investment in TCI Bank Limited (TCI Bank) has been accounted for using the fair value model so as to comply with IAS 26. Changes in fair value are recognised in the statement of income, expenses and reserves. The fair value of NIB's investment in TCI Bank was assessed by NIB's management to be US\$nil at March 31, 2022 (2021: US\$nil) as a consequence of TCI Bank entering provisional liquidation on April 9, 2010 and liquidation on October 29, 2010.

The fair value of NIB's other, non-secured, assets held with TCI Bank was reduced by 40% (2021: 45%) of the total amounts held at the date TCI Bank entered provisional liquidation, being management's best estimate of an appropriate fair value adjustment in the circumstances. Changes in fair value are recognised in the statement of income, expenses and reserves.

(c) *Provisions for long-term benefits, other than promised retirement benefits*

The fair value of provisions for long-term benefits, other than promised retirement benefits, is estimated as the present value of future cash outflows discounted at a rate of 4.5% at March 31, 2022 (2021: 4.5%) (note 15).

(d) *Other financial instruments*

Due to their short-term nature the carrying amounts of other financial assets and liabilities of NIB approximate their fair value.

The fair value of financial assets and liabilities with no fixed terms of repayment cannot be determined reliably.

NIB has an established control framework with respect to the measurement of fair values.

NIB regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then NIB assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors of NIB (the Board).

When measuring the fair value of a financial instrument, NIB uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

4. Determination of fair values, continued

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value, discounted cash flow models and comparison with similar instruments for which an observable market exists. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates.

The objective of the valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

If the inputs used to measure the fair value of a financial instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NIB recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Cash and cash equivalents

		2022	2021
Cash at investment managers	US\$	29,176,579	38,807,415
Cash at banks – savings and current accounts		7,472,815	12,059,423
Certificate of deposit		6,276,872	–
Cash on hand		4,800	4,700
	US\$	42,931,066	50,871,538

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

5. Cash and cash equivalents, continued

The US\$29,176,579 cash held with investment managers at March 31, 2022 (2021: US\$38,807,415) was classified per NIB's Investment Policy Statement (IPS) (note 24(c)(ii)) as follows:

		2022	2021
Non U.S. equities	US\$	12,521,430	1,334,825
Hedge funds		8,956,395	11,680,953
Fixed income		3,766,780	19,283,561
U.S. equities			
Large cap value		1,284,792	1,286,865
Large cap growth		791,277	922,326
Mid cap growth		125,995	2,079,290
Small cap core		267,697	1,055,584
Convertibles		1,462,213	1,164,011
	US\$	29,176,579	38,807,415

During the year, cash held with investment managers earned interest at an average annual rate of 0.02% (2021: 0.02%).

The US\$7,472,815 cash at banks – savings and current accounts at March 31, 2022 (2021: US\$12,059,423) was held as follows:

		2022	2021
FirstCaribbean International Bank (Bahamas) Limited (FCIB)			
Interest bearing account	US\$	3,532,371	8,317,890
Non-interest bearing account		707,701	607,345
Scotiabank (Turks and Caicos) Ltd. (Scotiabank)			
Interest bearing account		2,270,760	2,268,515
Non-interest bearing account		961,496	364,438
RBC Royal Bank (Bahamas) Limited (RBC)			
Non-interest bearing account		487	1,235
Bordier Bank (TCI) Ltd (Bordier Bank)			
Non-interest bearing account		–	500,000
	US\$	7,472,815	12,059,423

During the year, interest bearing accounts with FCIB and Scotiabank earned interest at rates of 0.10% to 0.42% (2021: 0.40% to 0.49%).

The US\$6,276,872 certificate of deposit at March 31, 2022 was held with Turks and Caicos Banking Company Limited (TCBC), earned interest at an effective rate of 0.50% per annum and matured on June 10, 2022.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

6. Contributions and other receivables

		2022	2021
Contributions receivable	US\$	4,739,154	3,903,804
Other receivables – net		709,849	388,796
		5,449,003	4,292,600
Loss allowance on contributions receivable		(975,724)	(867,966)
	US\$	4,473,279	3,424,634

The movement on the loss allowance on contributions receivable for the year ended was as follows:

		2022	2021
At April 1	US\$	867,966	1,409,266
Impairment loss/(recovery) recognised (note 20)		230,232	(369,436)
Contributions receivable written-off		(122,474)	(171,864)
At March 31	US\$	975,724	867,966

The US\$709,849 other receivables – net at March 31, 2022 (2021: US\$388,796) comprised the following:

		2022	2021
Surcharges receivable – net of loss allowance of US\$77,335 (2021: US\$nil)	US\$	151,102	–
Other receivables – net of loss allowance of US\$67,930 (2021: US\$66,472)		235,930	189,070
Interest receivable – net of loss allowance of US\$59,714 (2021: US\$67,178)		322,817	199,726
	US\$	709,849	388,796

(a) Surcharges receivable

The movement on the gross surcharges receivable for the year ended was as follows:

		2022	2021
At April 1	US\$	–	1,297,889
Surcharges recognised during the year		581,323	907,726
Collections during year		(352,886)	(256,802)
Surcharges receivable directly written-off		–	(1,948,813)
At March 31	US\$	228,437	–

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

6. Contributions and other receivables, continued

(a) Surcharges receivable, continued

The movement on the loss allowance on surcharges receivable for the year ended was as follows:

		2022	2021
At April 1	US\$	–	960,081
Impairment loss on surcharges receivable (note 20)		(77,335)	–
Surcharges receivable directly written-off		–	(960,081)
At March 31	US\$	(77,335)	–

In March 2021, the National Insurance (Waiver of Additional Charges) Ordinance 2021 was passed and approved by the House of Assembly and Governor of the TCI, respectively. This Ordinance provided for the waiver of additional charges for any period prior to and inclusive of February 28, 2021. Notwithstanding anything to the contrary contained in the Ordinance, NIB waived a person's liability under section 24 of the Contributions Regulations to pay any additional charges due and payable in respect of the failure to pay contributions within the time provided in the Contributions Regulations for any period prior to and inclusive of February 28, 2021.

On February 28, 2021 NIB wrote-off US\$1,948,813 of surcharges receivable, gross of a loss allowance of US\$960,081, in compliance with the said Ordinance. The written-off surcharges receivable, net of loss allowance, of US\$988,732 (note 20), was recognised as an impairment loss on surcharges receivable and included in general and administrative expenses in the statement of income, expenses and reserves.

(b) Other receivables

The US\$235,930 other receivables at March 31, 2022 (2021:US\$189,070) comprised the following:

		2022	2021
Dishonoured contributors' payments	US\$	230,141	206,262
Receivable from NIB employees and others		73,719	49,280
Loss allowance		(67,930)	(66,472)
At March 31	US\$	235,930	189,070

The movement on the loss allowance on other receivables for the year ended March 31, 2022 was a loss of US\$1,458 (2021: US\$12,516).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

7. Short-term investments

NIB's short-term investments at March 31, 2022 and 2021 represented certificates of deposit with British Caribbean Bank Limited (BCB), Bordier Bank and TCBC with a maturity period of more than three months, but less than one year from date of acquisition:

2022				
	Principal Amount	Maturity value	Interest rate per annum	Maturity date
	US\$	US\$		
BCB	4,041,782	4,055,812	0.70%	July 22, 2022
Bordier Bank	500,000	502,000	0.40%	June 7, 2022
	4,541,782	4,557,812		
2021				
	Principal Amount	Maturity value	Interest rate per annum	Maturity date
	US\$	US\$		
TCBC	6,136,875	6,274,955	2.25%	March 11, 2022
BCB	4,018,410	4,027,646	0.70%	July 23, 2021
	10,155,285	10,302,601		

Short-term investments at March 31, 2022 and 2021 were classified per NIB's IPS (note 24(c)(ii)) as fixed income investments.

8. Financial assets measured at FVOCI

Financial assets measured at FVOCI at March 31, 2022 and 2021 can be analysed as follows:

	Cost		Fair Value	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Equity securities	300,854,687	225,863,379	344,643,718	302,693,152
Government debt securities	46,616,888	43,562,653	46,111,276	44,200,605
Corporate debt securities	11,303,861	11,066,131	10,119,026	11,590,039
	358,775,436	280,492,163	400,874,020	358,483,796

During the year, some equity securities earned dividends with average rates of return of 0.48% to 9.67% (2021: 0.17% to 6.32%) while government and corporate debt securities earned interest at rates of 0.92% to 2.43% (2021: 0.13% to 2.56%) with coupon rates ranging from 0.125% to 8.00% (2021: 0.125% to 8.00%).

Government and corporate debt securities have remaining maturity periods ranging from 1 to 30 years (2021: 1 to 30 years) as at the reporting date.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

8. Financial assets measured at FVOCI, continued

The US\$400,874,020 financial assets measured at FVOCI at March 31, 2022 (2021: US\$358,483,796) were held by UBS Financial Services Inc. and managed by investment managers.

Financial assets measured at FVOCI at March 31, 2022 and 2021 were classified per NIB's IPS (note 24(c)(ii)) as follows:

		2022	2021
Non U.S. equities	US\$	82,114,565	81,242,304
Fixed income		54,734,049	54,277,113
Hedge Funds		52,918,376	45,633,702
U.S. equities			
Large cap value		54,576,600	49,560,781
Large cap growth		52,491,472	45,706,920
Mid cap growth		12,210,670	9,641,700
Small cap core		9,673,086	10,245,328
Convertibles		16,895,195	17,009,210
Private equity		56,700,861	39,711,350
Commodities		8,559,146	5,455,388
	US\$	400,874,020	358,483,796

A total of US\$1,496,253 corporate debt securities in financial assets measured at FVOCI at March 31, 2022 (2021: US\$1,513,531) were classified as convertibles per NIB's IPS.

9. Long-term receivables

Long-term receivables at March 31, 2022 and 2021 were classified per NIB's IPS (note 24(c)(ii)) as fixed income investments.

		2022	2021
FortisTCI Limited bond	US\$	5,000,000	5,000,000
TCIG bonds		—	—
	US\$	5,000,000	5,000,000

(a) FortisTCI Limited bond

On July 1, 2016, FortisTCI Limited (Fortis) issued to NIB a US\$5,000,000 unsecured bond (Fortis Bond) with a coupon rate of 5.14% per annum and a maturity date of July 1, 2031. The Fortis Bond is repayable in full on July 1, 2031 and interest is payable every quarter of each calendar year (January 1, April 1, July 1 and October 1). Fortis can redeem, in whole or in part, the Fortis Bond at any time prior to June 30, 2026 at a price agreed with NIB.

During the year NIB earned US\$257,000 (2021: US\$257,000) of interest on the Fortis Bond which was included as part of interest and other income in the statement of income, expenses and reserves.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

9. Long-term receivables, continued

(b) TCIG bonds

		2022	2021
Face value of TCIG bonds	US\$	–	1,500,000
Repayment of face value		–	(1,500,000)
	US\$	–	–

On December 28, 2009, TCI Bank, a beneficial owner of 150 non-callable bonds issued by TCIG, transferred these bonds to NIB pursuant to a Deed of Assignment. The TCIG bonds had a US\$10,000 par value each, a coupon rate of 8% and a maturity date of November 30, 2021. The TCIG bonds were repayable in twenty equal semi-annual instalments of US\$75,000 on the 31st day of May and the 30th day of November in each and every year commencing on May 31, 2011. During the year ended March 31, 2021 both semi-annual instalments were received, being US\$150,000 in total, and the face value of the TCIG bonds were fully repaid.

The 150 non-callable bonds were transferred for a total cash consideration of US\$1,750,000. Interest was payable on a semi-annual basis and secured by TCIG's reserves and assets. The premium paid was recognised as a fair value change over the period to maturity. During the year ended March 31, 2021 the change in fair value of TCIG bonds was US\$52,426 (note 18).

During the year ended March 31, 2021 NIB earned US\$3,772 of interest on TCIG bonds which was included as part of interest and other income in the statement of income, expenses and reserves.

10. Long-term deposits

		2022	2021
Current account	US\$	53,849	53,849
Certificates of deposit		17,298,642	17,298,642
		17,352,491	17,352,491
Less: first, second and third interim distributions			
Current account		(29,617)	(29,617)
Certificates of deposit		(9,514,253)	(9,514,253)
		(9,543,870)	(9,543,870)
Balance			
Current account		24,232	24,232
Certificates of deposit		7,784,389	7,784,389
		7,808,621	7,808,621
Less: change in fair value			
Current account		(21,540)	(24,232)
Certificates of deposit		(6,919,457)	(7,784,389)
		(6,940,997)	(7,808,621)
Carrying value			
Current account		2,692	–
Certificates of deposit		864,932	–
	US\$	867,624	–

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

10. Long-term deposits, continued

All long-term deposits are held with TCI Bank. TCI Bank was placed into provisional liquidation on April 9, 2010 and liquidation on October 29, 2010. NIB's management determined a 40% (2021: 45%) reduction in fair value of NIB's deposits with TCI Bank was appropriate at March 31, 2022 and March 31, 2021, which equates to a US\$867,624 (2021: US\$nil) carrying value for the deposits representing NIB management's best estimate of an appropriate fair value adjustment in the circumstances.

On September 10, 2012 NIB received a first interim distribution of US\$3,511,002 from the liquidator of TCI Bank representing 20 cents on the dollar for NIB's current account (US\$10,770), certificates of deposit (US\$3,459,728) and interest receivable (US\$40,504) held with TCI Bank.

On May 20, 2015 NIB received a second interim distribution of US\$3,511,002 from the liquidator of TCI Bank representing 20 cents on the dollar for NIB's current account (US\$10,770), certificates of deposit (US\$3,459,728) and interest receivable (US\$40,504) held with TCI Bank.

On September 6, 2019 NIB received a third interim distribution of US\$2,633,780 from the liquidator of TCI Bank representing 15 cents on the dollar for NIB's current account (US\$8,077) and certificates of deposit (US\$2,594,797) and interest receivable (US\$30,906) held with TCI Bank.

NIB is expecting to receive a further distribution of US\$875,088 from the liquidator of TCI Bank representing 5 cents on the dollar for NIB's current account (US\$2,692) and certificates of deposit (US\$864,932) totalling US\$867,624 and interest receivable (US\$7,464) included in other receivables-net (note 6) held with TCI Bank. NIB have estimated that the distribution will be received during the year ended March 31, 2024.

11. Property and equipment

	Land and Buildings	Furniture & Fixtures	Computer Equipment	Motor Vehicles	Total
	US\$	US\$	US\$	US\$	US\$
Cost:					
April 1, 2020	5,340,301	696,705	1,472,382	289,487	7,798,875
Additions	23,795	24,720	40,494	–	89,009
March 31, 2021	5,364,096	721,425	1,512,876	289,487	7,887,884
April 1, 2021	5,364,096	721,425	1,512,876	289,487	7,887,884
Additions	16,161	57,897	28,259	–	102,317
Write-Off	(83,187)	–	–	–	(83,187)
March 31, 2022	5,297,070	779,322	1,541,135	289,487	7,907,014

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

11. Property and equipment, continued

	Land and Buildings	Furniture & Fixtures	Computer Equipment	Motor Vehicles	Total
	US\$	US\$	US\$	US\$	US\$
Accumulated depreciation:					
April 1, 2020	2,493,978	550,870	1,023,684	255,139	4,323,671
Charge for the year	205,586	30,992	171,556	25,501	433,635
March 31, 2021	2,699,564	581,862	1,195,240	280,640	4,757,306
April 1, 2021	2,699,564	581,862	1,195,240	280,640	4,757,306
Charge for the year	213,696	20,946	169,068	8,847	412,557
Write-Off	(28,571)	–	–	–	(28,571)
March 31, 2022	2,884,689	602,808	1,364,308	289,487	5,141,292
Carrying amounts:					
March 31, 2021	2,664,532	139,563	317,636	8,847	3,130,578
March 31, 2022	2,412,381	176,514	176,827	–	2,765,722

The cost of land included in land and buildings was US\$70,500 representing US\$500 for land transferred by TCIG to NIB in April 2003 and US\$70,000 for land leased for 999 years from TCIG from November 2012.

Included in land and buildings is the Hon. L. Headley Durham building located on Grand Turk and the aforementioned 999 year lease from TCIG on 0.56 acres of land where the building is located. NIB purchased the building from TCIG in November 2012. The original cost of the building was US\$1,257,808 plus incidentals of US\$15,070 while the total lease payment for the land for the entire 999 years was US\$70,000.

The cost of the building and the total payments for the leased land were paid in full by NIB in November 2012 as part of an Omnibus Agreement between NIB and TCIG.

During the year ended March 31, 2022 property and equipment with a net book value of US\$54,616 (2021: US\$nil) was written-off and included in general and administrative expenses in the statement of income, expenses and reserves (note 20).

No impairment losses were recognised during the years ended March 31, 2022 and 2021.

12. Investment in TCI Bank Limited

At March 31, 2022 NIB owned 2,000,000 (2021: 2,000,000) ordinary shares in TCI Bank with an issued value of US\$2,000,000 (2021: US\$2,000,000), representing approximately 15.95% of the total issued ordinary shares of TCI Bank.

NIB was represented on the board of directors of TCI Bank.

As disclosed at note 10 to these financial statements NIB also held a current account and certificates of deposit with TCI Bank at March 31, 2022 and 2021.

The fair value of this investment at March 31, 2022 and 2021 has been assessed by NIB's management to be US\$nil as a consequence of TCI Bank entering provisional liquidation on April 9, 2010 and liquidation on October 29, 2010.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

13. Accounts payable and accrued expenses

		2022	2021
Accounts payable	US\$	468,313	144,198
Other accrued expenses		200,126	115,583
Accrued short-term benefits		172,873	257,775
Accrued employment injury costs (note 16)		–	95,000
	US\$	841,312	612,556

Per the Ordinance, NIB is liable to the TCI National Health Insurance Board (NHIB) for the cost of medical services provided in connection with employment injuries.

At March 31, 2021 NIB included in accounts payable and accrued expenses US\$95,000 representing NIB's best estimate of its remaining obligation for medical costs in connection with employment injuries as at that date.

NIB's remaining obligation for medical costs in connection with employment injuries as at March 31, 2022 amounting to US\$99,000 was paid to NHIB in March 2022.

14. Provision for unemployment assistance benefit

In October 2020, the National Insurance (Amendment) Ordinance 2020 and National Insurance (Unemployment Assistance Benefit) Regulations 2020 ("the Regulations") were passed and approved by the House of Assembly and Governor of TCI, respectively, so as to provide a temporary Unemployment Assistance Benefit to insured persons who became unemployed or underemployed, as a direct result of the COVID pandemic.

The Regulations were to continue in force for 12 months, from the date of commencement of the Regulations or until the exhaustion of the funds allocated to payment of the Unemployment Assistance Benefit, whichever came earlier.

The rate of Unemployment Assistance Benefit was not to exceed 50% of the average weekly insurable earnings of an insured person and the said average would not be less than US\$275 per week. The Unemployment Assistance Benefit was to be paid for eight weeks periodically or as a lump-sum, or until the allocated funds for the said benefit were exhausted.

NIB allocated approximately US\$4 million to cover the unemployment assistance benefit for the said period.

As of March 31, 2022, NIB had processed and paid 2,663 (2021: 459) claims of unemployment assistance benefits amounting to US\$3,900,517 (2021: US\$808,688). The remaining provision for unemployment assistance benefit of US\$96,330 at March 31, 2022 (2021: US\$3,188,159) was recognised on the statement of financial position. The total estimated claims for the said benefits of US\$3,996,847 was recognised as unemployment assistance benefit expense (short-term benefit) in the statement of income, expenses and reserves for the year ended March 31, 2021.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

15. Actuarial review

Actuarial present value of promised retirement benefits

NIB has elected to apply IAS 26 for retirement benefits which requires the actuarial present value of promised retirement benefits to be recognised on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has chosen to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements.

The 10th actuarial review of NIB was conducted by Trinity Consulting Ltd. (the Actuary) at March 31, 2022 and a report issued on August 17, 2022 (the 9th actuarial review of NIB was conducted by the Actuary at March 31, 2019 and a report issued on July 25, 2019).

NIB provides retirement and other benefits to qualifying beneficiaries. A summary of these benefits is disclosed at note 3(e)(iv) to these financial statements.

NIB currently finances the reserves (the Fund) by considering expected cash inflows from contributors and cash outflows to beneficiaries over an extended period, alongside the assets that have accumulated to date from contributions exceeding benefit payments.

The actuarial present value of promised retirement benefits has been calculated on an accrued benefits basis using a current salary approach.

Under this methodology the actuarial present value of promised retirement benefits at March 31, 2022, the date of NIB's latest actuarial review, was US\$787 million (March 31, 2019: US\$636 million).

The next actuarial review is scheduled to be conducted as at March 31, 2025.

The key assumptions and methods used in this actuarial calculation were as follows:

- Inflation – 2.1% per annum (2019: 2.1% per annum)
- Discount rate – 4.5% per annum (2019: 4.5% per annum)
- Average retirement age – 63 years old (2019: 65 years old)
- Mortality rate – United Nations rates for Latin America with adjustments for the TCI experience (2019: United Nations rates for Latin America with adjustments for the TCI experience).

The calculation of the actuarial present value of promised retirement benefits is sensitive to the key assumptions and methods used.

The Fund had total reserves of US\$418 million at March 31, 2022 (2019: US\$282 million).

At March 31, 2022 there was therefore a shortfall of US\$369 million (2019: US\$354 million) between the total reserves of the Fund of US\$418 million (2019: US\$282 million) and the actuarial present value of promised retirement benefits of US\$787 million (2019: US\$636 million). The Directors are considering ways in which this shortfall can be addressed. As disclosed at note 27, certain sections of the National Insurance (Benefits) Regulations and National Insurance (Contributions) Regulations have been amended to partially address this shortfall.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

15. Actuarial review, continued

Actuarial present value of promised retirement benefits, continued

All key assumptions remained the same for the actuarial present value of promised retirement benefits calculations at March 31, 2022 and at March 31, 2019 with the exception of the following:

- a) The assumed retirement age was reduced to age 63 from age 65. This change is a result of a provision enacted in August 2021 allowing insured persons as young as age 60 to collect a reduced (0.5% per month/6.0% per year prior to age 65) retirement pension while substantially employed. As a result, and based upon scheme specific data, insured persons started to retire earlier making it necessary to change the assumption. This change resulted in an increase of the actuarial present value of promised retirement benefits at March 31, 2022.
- b) An additional change, effective April 1, 2022, occurred regarding the benefit accrual rate. The major change in the new benefit formula reduced the accrual rate to 20% from 30% for the first 500 weeks of average insurable earnings. For those aged 50 or older on April 1, 2022, the prior benefit formula still applies. This change resulted in a decrease of actuarial present value of promised retirement benefits at March 31, 2022.

Following the changes to the National Insurance Benefits Regulations on April 1, 2022 and Contributions Regulations on April 1, 2022, April 1, 2023 and April 1, 2024 the actuarial valuation was prepared taking into account these changes. If the average retirement age and promised retirement benefit accrual rates had remained consistent with those in 2019 then the actuarial present value of promised retirement benefits, assuming no salary increase, would have been US\$69 million or 8.33% higher at March 31, 2022. With the salary increase assumption, the actuarial present value of promised retirement benefits, would have been US\$34 million or 3.2% higher at March 31, 2022.

In addition, if the discount rate had decreased from 4.5% to 4% the actuarial present value of promised retirement benefits at March 31, 2022 would have increased by US\$71 million.

The actuarial present value of promised retirement benefits at March 31, 2022 and 2019 can be classified as follows:

		Vested	Unvested	Total
At March 31, 2022	US\$	288,700,000	498,500,000	787,200,000
At March 31, 2019	US\$	122,300,000	513,400,000	635,700,000

Vested benefits are benefits, the rights to which, under the conditions of National Insurance (Benefit) Regulations, are not conditional on continued employment.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

15. Actuarial review, continued

Actuarial present value of promised retirement benefits, continued

Effective August 28, 2021 the conditions for promised retirement benefits to become vested are as follows:

- (a) An insured person other than a temporary resident employed person has attained the age of sixty years; and
- (b) satisfies the relevant contribution conditions;
 - I. that not less than one hundred and fifty contributions (three years) have been paid by the insured person; and
 - II. that not less than five hundred contributions (ten years), including those referred to above, have been paid by or credited to the insured person.

Prior to August 28, 2021 the conditions for the promised retirement benefits to become vested were that an insured person other than a temporary resident had attained the age of sixty-five years, had retired from insurable employment or showed to the satisfaction of NIB that they were no longer substantially employed in insurable employment and had satisfied the following relevant contribution conditions:

- I. that not less than one hundred and fifty contributions (three years) had been paid by the insured person; and
- II. that not less than five hundred contributions (ten years), including those referred to above, had been paid by or credited to the insured person.

The actuarial present value of long-term benefits, other than promised retirement benefits

The actuarial present value of long-term benefits, other than promised retirement benefits, was quantified by the Actuary at March 31, 2022, 2021 and 2020 and recognised in NIB's financial statements in accordance with IAS 37, as follows:

		Present value at reporting date	Change during the year
At March 31, 2022	US\$	42,706,000	1,372,000
At March 31, 2021	US\$	41,334,000	1,232,000
At March 31, 2020	US\$	40,102,000	2,944,000

The change in present value of long-term benefits, other than promised retirement benefits, of US\$1,372,000 during the year ended March 31, 2022 (2021: US\$1,232,000) was recognised in the statement of income, expenses and reserves.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

15. Actuarial review, continued

The actuarial present value of long-term benefits, other than promised retirement benefits, continued

The details of the actuarial present value of long-term benefits, other than promised retirement benefits, at the reporting date by benefit branch was as follows:

	2022	2021	Change during the year
	US\$	US\$	US\$
<i>Long-term benefit branch</i>			
Invalidity pension	17,166,000	15,453,000	1,713,000
Survivors' benefit	17,500,000	17,177,000	323,000
Non-contributory old aged pension	2,939,000	3,108,000	(169,000)
	37,605,000	35,738,000	1,867,000
<i>Employment injury benefit branch</i>			
Employment injury benefit	5,101,000	5,596,000	(495,000)
Total	42,706,000	41,334,000	1,372,000

	2021	2020	Change during the year
	US\$	US\$	US\$
<i>Long-term benefit branch</i>			
Invalidity pension	15,453,000	15,507,000	(54,000)
Survivors' benefit	17,177,000	15,512,000	1,665,000
Non-contributory old aged pension	3,108,000	3,503,000	(395,000)
	35,738,000	34,522,000	1,216,000
<i>Employment injury benefit branch</i>			
Employment injury benefit	5,596,000	5,580,000	16,000
Total	41,334,000	40,102,000	1,232,000

The key assumptions and methods used in this calculation of present value of other long-term benefits for 2022 and 2021 were as follows:

- Inflation – 2.1% per annum (2021: 2.1% per annum)
- Discount rate – 4.5% per annum (2021: 4.5% per annum)
- For widows/widowers pension – assume to be paid for life (2021: assume to be paid for life)
- For orphan pension – assume to be paid until age of 21 (2021: assume to be paid until age of 21)
- For invalidity pensions NIB is liable for insured persons who are invalid and less than sixty years of age.
- For employment injuries NIB is liable for the period the insured person is incapacitated.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

16. Reserves

Under the Regulations NIB is required to maintain the three following reserves on the following basis:

- (a) The minimum level of the Long-Term Benefit Reserve shall be equivalent to the expenditure for benefits under the Long-Term Benefit Branch during the three previous financial years.
- (b) The minimum level of the Short-term Benefit Reserve shall be equivalent to one-fourth of the expenditure for benefits under the Short-Term Benefit Branch during the two previous financial years.
- (c) An Employment Injury Benefit Reserve shall be constituted to finance injury benefit, disablement grant, death grant and medical care by transferring thereto annually as much of the excess of income over expenses of the Employment Injury Benefit Branch as is needed to maintain the level of the Employment Injury Benefit Reserve at one-half of the amount paid for the said benefits in the two previous financial years. The Disablement and Death Benefit Reserve has no such minimum requirement.

The Employment Injury Benefit Reserve at March 31, 2022 and 2021 was determined as follows:

		Paid benefits		Reserve required at
		2022	2021	March 31, 2022
Injury benefit	US\$	170,060	87,008	128,534
Medical care		7,506	10,073	8,790
	US\$	177,566	97,081	137,324

		Paid benefits		Reserve required at
		2021	2020	March 31, 2021
Injury benefit	US\$	87,008	247,854	167,431
Medical care		10,073	–	5,036
Death grant		–	2,390	1,195
Accrued employment injury costs (note 13)		–	–	95,000
	US\$	97,081	250,244	268,662

At March 31, 2021 NIB management included in the Employment Injury Benefits Reserve accrued employment injury costs of US\$95,000 as these were the expected amounts that would ultimately be paid from this reserve.

During the year ended March 31, 2022 US\$131,338 was transferred to the Disablement and Death Benefit Reserve from the Employment Injury Benefit Reserve (2021: US\$48,089) so as to maintain the required reserve for Employment Injury Benefit at March 31, 2022 and March 31, 2021.

There was no change to NIB's management of capital during the years ended March 31, 2022 and 2021.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

16. Reserves, continued

NIB has complied with the above regulatory imposed capital requirements at the year-end.

NIB is not subject to any externally imposed capital requirements.

17. Income from, and net realised gains on, financial assets measured at FVOCI

		2022	2021
Dividend income and interest income from equity securities at FVOCI	US\$	14,236,653	7,929,202
Interest income and realised gains from debt securities at FVOCI		2,546,370	9,491,750
	US\$	16,783,023	17,420,952

18. Interest and other income

		2022	2021
Interest income from loans and receivables	US\$	257,000	260,773
Interest income from savings and current accounts		217,440	252,373
		474,440	513,146
Other income		231,681	157,485
Rental income		128,000	128,000
Change in fair value of TCIG Bonds (note 9(b))		–	(52,426)
	US\$	834,121	746,205

Rental income of US\$128,000 (2021: US\$128,000) was received from TCIG and relates to the rental of office space included in property and equipment.

19. Benefits

		2022	2021
Long-term benefits			
Retirement pension benefit	US\$	16,455,974	14,155,326
Survivors benefit		1,738,732	1,581,811
Invalidity pension		1,279,564	1,075,882
Old age non contributory		612,690	600,851
Funeral grant		232,860	237,640
Retirement grant		176,972	187,383
Survivors grant		6,099	1,958
		20,502,891	17,840,851
Short-term benefits			
Sickness benefit		1,256,475	1,084,022
Maternity allowance		792,607	877,449
Maternity grant		160,201	173,400
Unemployment assistance benefit (note 14)		–	3,996,847
		2,209,283	6,131,718

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

19. Benefits, continued

	2022	2021
Long-term and short term benefits balance brought forward	US\$ 22,712,174	23,972,569
Employment injury benefits/disablement and death benefits		
Disablement benefit	419,019	352,034
Injury benefit	170,060	171,935
Death benefit	48,906	52,285
Constant attendance allowance	7,800	7,583
Medical care	7,506	10,073
	653,291	593,910
	US\$ 23,365,465	24,566,479

Refer to note 15 for additional information on long-term benefits.

20. General and administrative expenses

	2022	2021
Salaries and wages	US\$ 3,124,361	2,753,933
Depreciation of property and equipment (note 11)	412,557	433,635
Professional fees	265,618	226,326
Impairment loss/(recovery) on contributions receivable (note 6)	230,232	(369,436)
Communications	179,480	161,871
Computer services	179,233	175,084
Rent and utilities	168,343	146,298
Office supplies, stationery and postage	164,990	88,846
Maintenance expenses	163,812	156,536
Security	155,622	72,275
Board of directors and committee allowances	131,011	115,164
Insurance	110,759	121,761
Impairment loss on surcharges receivable (note 6)	77,335	988,732
Advertising	75,494	23,923
Legal settlement	65,000	–
Travel and subsistence	56,473	21,101
Property and equipment written-off (note 11)	54,616	–
Employee allowances	43,457	28,186
Bank charges	41,765	42,774
Subscription and membership fees	40,874	46,776
Meeting and entertainment	35,102	12,005
Vehicle and other expenses	18,226	33,578
Impairment loss on other receivables (note 6)	1,458	12,516
	US\$ 5,795,818	5,291,884

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

21. Investment expenses

		2022	2021
Brokers' fees on financial assets measured at FVOCI	US\$	2,550,610	1,498,929
Other investment expenses		30,000	16,751
	US\$	2,580,610	1,515,680

22. Net change in fair value of financial assets measured at FVOCI

The (US\$35,893,049) net change in fair value of financial assets measured at FVOCI included in NIB's reserves at March 31, 2022 (2021: US\$79,295,923) can be analysed as follows:

		Unrealised changes in fair value at March 31		Movement
		2022	2021	2022
<i>Financial assets measured at FVOCI</i>				
Equity securities	US\$	43,789,031	76,829,773	(33,040,742)
Government debt securities		(505,612)	637,952	(1,143,564)
Corporate debt securities		(1,184,835)	523,908	(1,708,743)
	US\$	42,098,584	77,991,633	(35,893,049)

		Unrealised changes in fair value at March 31		Movement
		2021	2020	2021
<i>Financial assets measured at FVOCI</i>				
Equity securities	US\$	76,829,773	(3,049,386)	79,879,159
Government debt securities		637,952	2,229,623	(1,591,671)
Corporate debt securities		523,908	(484,527)	1,008,435
	US\$	77,991,633	(1,304,290)	79,295,923

23. Related party balances and transactions

The following are transactions and balances with NHIB, TCI Bank and TCIG, related parties by virtue of significant influence and common directors, transactions with key management personnel and contributions from other significant statutory bodies, which are not separately disclosed elsewhere in these financial statements.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

23. Related party balances and transactions, continued

		2022	2021
TCI Bank balances			
Long-term deposits (gross of change in fair value)	US\$	7,808,621	7,808,621
Reduction in fair value of assets held with TCI Bank	US\$	(7,000,711)	(7,875,799)
Investment (before change in fair value)	US\$	2,000,000	2,000,000
Reduction in fair value of investment	US\$	(2,000,000)	(2,000,000)
Interest receivable (gross of change in fair value)	US\$	67,178	67,178
TCIG and related entities transactions			
Collection of contributions (Employer and employees' contributions)	US\$	6,001,827	5,351,372
Contributions – private sector (Employer and employees' contributions)	US\$	4,035,340	3,393,987
Contributions – civil servants	US\$	1,966,487	1,957,385
Payment of employment injury costs to NHIB	US\$	194,000	–
NIB's payment of NIB contributions	US\$	161,371	167,830
NIB's payment of NHIB contributions	US\$	148,082	157,195
Rental income	US\$	128,000	128,000
Employment injury costs	US\$	99,000	95,000
Repayment of TCIG bonds	US\$	–	150,000
Change in fair value of TCIG Bonds	US\$	–	52,426
Collections of contributions from significant TCIG statutory bodies:			
- TCI Airports Authority	US\$	573,691	610,600
- TCI Financial Services Commission	US\$	182,888	172,798
- TCI NHIB	US\$	135,411	121,270
- TCI Ports Authority	US\$	81,277	109,370
- TCI Tourist Board	US\$	45,268	85,987
TCIG and related entities balances			
Accrued NHIB employment injury costs (note 13)	US\$	–	95,000

Per the Ordinance, contributions from TCIG of US\$1,966,487 (2021: US\$1,957,385) comprise contributions relating to TCIG officers only and these are reflected in the statement of income, expenses and reserves as contributions from civil servants. Contributions for TCIG employees are charged at the same rates as the private sector and, on this basis, have been included within the private sector contributions in the statement of income, expenses and reserves and for the purpose of allocating contributions amongst branches.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

23. Related party balances and transactions, continued

		2022	2021
Key management personnel compensation			
Salary of the director and the deputy director	US\$	213,154	–
Allowances of the board of directors	US\$	85,400	85,200
Other benefits of the director and the deputy director	US\$	42,479	–
Salary of the director	US\$	–	111,813
Other benefits of the director	US\$	–	22,764

The Chairman of the Board receives US\$1,500 and a US\$100 telephone allowance every month and members of the Board not employed by TCIG receive US\$1,000 and a US\$100 telephone allowance every month. NIB had seven members of the Board during the year ended March 31, 2022 (2021: seven) and met 16 times during the year ended March 31, 2022 (2021: 16).

24. Financial instruments

NIB has exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about NIB's exposure to each of the above risks, NIB's objectives, policies and processes for measuring and managing risk, and NIB's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Minister with responsibility for NIB (the Minister) appoints the Directors. The Directors have full discretionary power to direct, manage, allocate and rebalance or liquidate NIB's investments in compliance with the terms of the IPS. The Directors established the IPS which communicates the investment philosophy of the Directors regarding NIB's investments. The IPS creates a general framework within which the investment assets of NIB can be managed. The IPS envisages a rebalancing exercise at least semi-annually to keep asset allocations within recommended ranges. NIB kept its asset allocation, with the exception of commodities, within ranges recommended by the revised IPS at March 31, 2022 and March 31, 2021 but commodities are still allowable as an alternative investment strategy under the revised IPS.

In May 2020 certain changes were made to the IPS. These changes pertained mainly to strategic asset allocation targets and concentration of NIB's investment portfolio profile (note 24(c)(ii)).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

Risk management framework, continued

The Directors may appoint such person(s) as necessary to achieve NIB's investment objectives. The pursuit of these objectives also involves assuming responsibility for the establishment and oversight of NIB's risk management framework and for developing and monitoring NIB's risk management policies.

NIB's risk management policies are established to identify and analyse the risks faced by NIB, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and NIB's activities.

The Directors appoint an Investment Committee and designate its Chairman who is a Director. The Directors also appoint an Investment Manager who has responsibility for the day to day management of NIB's assets.

NIB's investment portfolio is comprised of mainly quoted equity securities and debt securities, long-term receivables and deposits.

(a) *Credit risk*

Credit risk is the risk that a contributor or counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with NIB, resulting in a financial loss to NIB.

Credit risk is monitored on a regular basis by the Investment Committee.

NIB management are of the opinion that NIB's policies governing delinquent accounts and loss allowance/fair value adjustments ensure that these financial statements accurately reflect any credit risk associated with amounts due from contributors and other debtors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2022	2021
Current assets:		
Cash and cash equivalents	US\$ 42,931,066	50,871,538
Contributions and other receivables	4,473,279	3,424,634
Short-term investments	4,541,782	10,155,285
	51,946,127	64,451,457
Non-current assets:		
Financial assets measured at FVOCI	400,874,020	358,483,796
Long-term receivables	5,000,000	5,000,000
Long-term deposits	867,624	–
	406,741,644	363,483,796
	US\$ 458,687,771	427,935,253

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable

At the reporting date the exposure to credit risk for contributions receivable, excluding surcharges, by type of counterparty and by type of contribution risk accepted, was as follows:

		2022		
		Gross	Loss allowance	Carrying Amount
Private employers				
Tourism related	US\$	2,354,983	(81,191)	2,273,792
Wholesale and retail		416,785	(39,443)	377,342
Construction		284,803	(76,210)	208,593
Others		1,273,484	(520,208)	753,276
Self-employed		409,099	(258,672)	150,427
	US\$	4,739,154	(975,724)	3,763,430
		2021		
		Gross	Loss allowance	Carrying Amount
Private employers				
Tourism related	US\$	1,215,195	(46,639)	1,168,556
Wholesale and retail		463,559	(43,225)	420,334
Construction		391,226	(105,477)	285,749
Others		1,457,405	(439,389)	1,018,016
Self-employed		376,419	(233,236)	143,183
	US\$	3,903,804	(867,966)	3,035,838

At the reporting date the exposure to credit risk for contributions receivable, by geographical location, was as follows:

		2022		
		Gross	Loss allowance	Carrying Amount
Providenciales	US\$	3,905,237	(787,482)	3,117,755
Grand Turk		676,284	(166,270)	510,014
North Caicos		109,833	(9,016)	100,817
South Caicos		30,426	(11,389)	19,037
Middle Caicos		1,363	(223)	1,140
Other islands		16,011	(1,344)	14,667
	US\$	4,739,154	(975,724)	3,763,430

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

		2021		Carrying Amount
		Gross	Loss allowance	
Providenciales	US\$	3,371,286	(757,850)	2,613,436
Grand Turk		459,626	(87,272)	372,354
North Caicos		33,037	(8,284)	24,753
South Caicos		35,482	(13,603)	21,879
Middle Caicos		1,567	(370)	1,197
Other islands		2,806	(587)	2,219
	US\$	3,903,804	(867,966)	3,035,838

NIB's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain transactions NIB mitigates this risk by conducting settlements through a compliance officer to ensure that a contribution is settled only when both parties have fulfilled their contractual settlement obligations.

The aging of contributions receivable, excluding surcharges, at the reporting date, by type of counterparty, was as follows:

		2022		2021	
		Gross	Loss allowance	Gross	Loss allowance
<i>Private employers</i>					
Past due					
Not later than one month	US\$	149,243	(27,409)	97,112	(17,937)
Later than one month but					
Not later than two months		69,020	(35,191)	88,644	(33,821)
Later than two months		1,093,428	(578,398)	1,004,734	(507,498)
Outstanding but not past due		3,018,364	(76,054)	2,336,895	(75,474)
		4,330,055	(717,052)	3,527,385	(634,730)
<i>Self-employed</i>					
Past due					
Not later than one month		23,646	(4,422)	32,622	(5,221)
Later than one month but					
not later than two months		24,794	(9,237)	28,064	(8,981)
Later than two months		289,844	(238,640)	235,894	(211,848)
Outstanding but not past due		70,815	(6,373)	79,839	7,186)
		409,099	(258,672)	376,419	(233,236)
	US\$	4,739,154	(975,724)	3,903,804	(867,966)

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

The movement in the loss allowance in respect of contributions receivable during the year is disclosed at note 6 to these financial statements.

NIB's exposure to credit risk is influenced mainly by the default risk associated with the industry and location in which contributors operate. In monitoring contributors' credit risk, contributors are grouped according to their credit characteristics, including whether they are tourism related, wholesale or retail, construction and others.

A loss allowance is made against outstanding contributions receivable and surcharges on the following percentage basis of the amounts in each of the following categories (combined weighted-average loss rate for private employers and self-employed):

	2022	2021
Outstanding but not past due	3%	3%
Past due:		
Not later than one month	18%	18%
Later than one month but not later than two months	47%	37%
Later than two months	59%	58%

At the reporting date NIB used an allowance matrix to measure the ECLs of contributions receivable and surcharges.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposure in different segments based on type of industry.

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by certain factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and NIB's view of economic conditions over the expected lives of the receivables.

35% (2021: 35%) of contributions receivable with pending legal matters that were past due for more than 90 days at March 31, 2022 were provided for.

No surcharges receivable were recognised at March 31, 2021. As stated at note 6, on February 28, 2021 NIB wrote-off US\$988,732 of surcharges receivable, net of loss allowance.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

The loss allowance at the reporting date reflected estimates of losses arising from the failure or inability of NIB's contributors to make required payments. The allowance was based on the aging of contributor accounts, contributor credit worthiness and NIB's historical write-off experience. Changes to the loss allowance may have been required if the financial condition of its contributors improved or deteriorated. An improvement in financial condition might have resulted in lower actual write-offs. Historically, changes to the estimate of losses were not material to NIB's financial position and results of operations.

Debt securities at FVOCI

NIB's debt securities at FVOCI are only allowed with counterparties that have a credit rating that is acceptable to the Investment Committee and meets the IPS requirements. Given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the reporting date no loss allowance was recognised on debt securities at FVOCI.

NIB considers that its debt securities at FVOCI have a low credit risk based on the external credit ratings of the counterparties.

Other financial assets

At the reporting date, NIB held financial assets with the following TCI entities:

		2022	2021
FCIB			
Cash at banks – savings and current accounts	US\$	4,240,072	8,925,235
Scotiabank			
Cash at banks – savings and current accounts		3,232,256	2,632,953
TCBC			
Certificate of deposit		6,276,872	–
Short-term investments		–	6,136,875
BCB			
Short-term investments		4,041,782	4,018,410
Bordier Bank			
Cash at banks – savings and current accounts		–	500,000
Certificate of deposit		500,000	–
RBC			
Cash at banks – savings and current accounts		487	1,235
FortisTCI Limited			
Fortis bonds		5,000,000	5,000,000
TCI Bank (gross of change in fair value)		7,875,799	7,875,799
	US\$	31,167,268	35,090,507

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(a) Credit risk, continued

Other financial assets, continued

Cash and cash equivalents and short-term investments are placed with counterparties that are TCI regulated entities. Management does not expect the counterparties to fail to meet their obligations.

The following summarises financial assets held with TCI Bank at March 31, 2022 and 2021 including those deemed to have suffered a reduction in fair value:

		2022		2021	
		Gross	Reduction in fair value	Gross	Reduction in fair value
Interest receivables	US\$	67,178	59,714	67,178	67,178
Long-term deposits		7,808,621	6,940,997	7,808,621	7,808,621
	US\$	7,875,799	7,000,711	7,875,799	7,875,799

(b) Liquidity risk

Liquidity risk is the risk that NIB will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to NIB.

NIB's policy for managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated payments of benefits, as and when due, without incurring undue losses or risking damage to NIB's reputation.

NIB's financial assets include long-term receivables which are generally illiquid.

In addition, NIB's deposits with TCI Bank are now subject to restrictions over their future redemption.

NIB also holds equity security investments which are subject to certain restrictions (note 25).

Consequently, NIB may not be able to liquidate some of its investments in these instruments quickly in order to meet its liquidity requirements.

NIB's U.S. equity securities are considered to be readily realisable as they are listed on United States stock exchanges.

NIB's overall liquidity risks are monitored on a regular basis by the Investment Committee.

At the reporting date there were no significant concentrations of liquidity risk. NIB ensures that it has sufficient liquid financial assets comprising cash and cash equivalents and short-term investments to meet its current financial liabilities.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(b) Liquidity risk, continued

NIB's management believe the placing of TCI Bank into liquidation has not affected NIB's ability to meet its current financial liabilities.

The following are the contractual maturities of non-derivative financial instruments, including estimated interest payments and the impact of netting agreements:

	2022					
	Carrying Amount	Contractual cash flows	Under 1 year	1-2 years	2-4 years	More than 4 years
	US\$	US\$	US\$	US\$	US\$	US\$
Cash and cash equivalents	42,931,066	42,946,653	42,946,653	–	–	–
Contributions and other receivables	4,473,279	4,473,279	4,473,279	–	–	–
Short-term investments	4,541,782	4,557,812	4,557,812	–	–	–
Financial assets measured at FVOCI	400,874,020	449,240,605	5,209,386	353,528,020	12,199,743	78,303,456
Long-term receivables	5,000,000	7,698,500	257,000	257,000	514,000	6,670,500
Long term deposit	867,624	867,624	–	867,624	–	–
Accounts payable and accrued expenses	(841,312)	(841,312)	(841,312)	–	–	–
	457,846,459	508,943,161	56,602,818	354,652,644	12,713,743	84,973,956

	2021					
	Carrying Amount	Contractual cash flows	Under 1 year	1-2 years	2-4 years	More than 4 years
	US\$	US\$	US\$	US\$	US\$	US\$
Cash and cash equivalents	50,871,538	50,879,299	50,879,299	–	–	–
Contributions and other receivables	3,424,634	3,424,634	3,424,634	–	–	–
Short-term investments	10,155,285	10,302,601	10,302,601	–	–	–
Financial assets measured at FVOCI	358,483,796	400,548,246	4,213,101	306,893,149	7,471,182	81,970,814
Long-term receivables	5,000,000	7,698,500	257,000	257,000	514,000	6,670,500
Accounts payable and accrued expenses	(612,556)	(612,556)	(612,556)	–	–	–
	427,322,697	472,240,724	68,464,079	307,150,149	7,985,182	88,641,314

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect NIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

NIB's strategy for the management of market risk is driven by NIB's investment objectives as reflected in its IPS.

NIB's market risk is managed on a regular basis by the Investment Committee.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) Market risk, continued

NIB may not invest in margin transactions, acquisition of shares that would permit the portfolio to exercise control over the issuer, uncovered speculative positions, direct investments in physical commodities, futures contracts and options and derivative investments.

(i) Interest rate risk

NIB's operations are subject to the risk of interest rate fluctuation to the extent that interest-earning assets mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with NIB's strategies.

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

Cash flow sensitivity analysis for fixed rate instruments

	2022	2021
Fixed rate instruments:		
Financial assets		
Certificate of deposit	US\$ 6,276,872	–
Short-term investments	4,541,782	10,155,285
Financial assets measured at FVOCI	56,230,302	55,790,644
Long-term receivables (current and non-current)	5,000,000	5,000,000
Financial liabilities	–	–
	US\$ 72,048,956	70,945,929

A change of 100 basis points in interest rates for fixed rate instruments at the reporting date would have increased/(decreased) income in the statement of income, expense and reserves by US\$720,490/(US\$720,490) (2021: US\$709,459/(US\$709,459)) assuming all other variables remained constant.

While long-term deposits held at TCI Bank were interest bearing, following TCI Bank being placed into provisional liquidation on April 9, 2010, and liquidation on October 29, 2010, interest has ceased to accrue on these amounts and so they have therefore been excluded from the above analysis.

NIB's investment portfolio is permitted to utilise derivatives for hedging and income enhancing strategies. However, derivatives are not used to expressly employ leverage or other speculative strategies. Therefore, unless a specific type of security is allowed by the IPS, the Investment Manager must seek permission from the Investment Committee to invest in derivative instruments.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) Market risk, continued

(i) Interest rate risk, continued

Cash flow sensitivity analysis for variable rate instruments

	2022	2021
Variable rate instruments:		
Financial assets		
Cash and cash equivalents	US\$ 34,979,710	49,393,820
Financial liabilities	—	—
	US\$ 34,979,710	49,393,820

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) income in the statement of income, expenses and reserves by US\$349,797/(US\$349,797) (2021: US\$493,938/(US\$493,938)) assuming all other variables remained constant.

NIB's interest rate risks are monitored on a regular basis by the Investment Committee and third party investment managers.

(ii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices other than those arising from interest rate risk, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

NIB's procedures require price risks to be monitored on a regular basis by the Investment Committee and third party investment managers.

NIB's policy over concentration of its investment portfolio profile, based on its revised IPS, was as follows at March 31:

Asset Class	2022	2021
Cash and money market instruments	0–10%	0–10%
Non U.S. equities	5–30%	5–30%
Fixed income	10–40%	10–40%
Hedge Funds	5–20%	5–20%
U.S. equities		
Large cap value	6–15%	6–15%
Large cap growth	6–15%	6–15%
Mid cap growth	0– 5%	0– 5%
Small cap core	0– 5%	0– 5%
Convertibles	2– 8%	2– 8%
Private equity	5–20%	5–20%
Commodities	0%	0%

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) Market risk, continued

(ii) Price risk, continued

The following table sets out concentration of the investment portfolio held by NIB at March 31:

Asset Class According to revised IPS	2022	
	Amount	%
Cash and money market instruments	US\$ 13,749,687	3.0%
Non U.S. equities	94,635,995	20.9%
Fixed income	68,042,611	15.0%
Hedge Funds	61,874,771	13.7%
U.S. equities		
Large cap value	55,861,392	12.3%
Large cap growth	53,282,749	11.8%
Mid cap growth	12,336,665	2.7%
Small cap core	9,940,783	2.2%
Convertibles	18,357,408	4.0%
Private equity	56,700,861	12.5%
Commodities	8,559,146	1.9%
	US\$ 453,342,068	100.0%

Asset Class According to revised IPS	2021	
	Amount	%
Cash and money market instruments	US\$ 12,059,423	2.8%
Non U.S. equities	82,577,129	19.4%
Fixed income	88,715,959	20.9%
Hedge Funds	57,314,655	13.5%
U.S. equities		
Large cap value	50,847,646	12.0%
Large cap growth	46,629,246	11.0%
Mid cap growth	11,720,990	2.8%
Small cap core	11,300,912	2.7%
Convertibles	18,173,221	4.3%
Private equity	39,711,350	9.3%
Commodities	5,455,388	1.3%
	US\$ 424,505,919	100.0%

NIB kept its asset allocation, with the exception of commodities, within ranges recommended by the revised IPS at March 31, 2022 and March 31, 2021. Commodities are still allowable as an alternative investment strategy under the revised IPS.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) Market risk, continued

(ii) Price risk, continued

The investment portfolio held by NIB at March 31, 2022 and March 31, 2021 was presented in these financial statements as follows:

		2022	2021
Cash and cash equivalents			
Cash at investment managers	US\$	29,176,579	38,807,415
Cash at banks – savings and current accounts		7,472,815	12,059,423
Certificate of deposit		6,276,872	–
Short-term investments		4,541,782	10,155,285
Financial assets measured at FVOCI		400,874,020	358,483,796
Long-term receivables		5,000,000	5,000,000
	US\$	453,342,068	424,505,919

Per the IPS Cash held with investment managers is considered to be a component of financial assets measured at FVOCI.

Effective April 1, 2011 the long term deposits held with TCI Bank were written down to zero for IPS reporting purposes. The balance reported per the financial statements of US\$867,624, net of loss allowance, (note 10) at March 31, 2022 (2021: US\$nil) has therefore been excluded from the above tables.

(iii) Fair value

The following table sets out the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include the fair value information for short-term financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Due to their short-term nature, the carrying amounts of certain of NIB's financial assets and liabilities approximate their fair value.

	Carrying Amount	2022		
		Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Financial assets measured at FVOCI:				
Equity securities	344,643,718	235,024,481	109,619,237	–
Government securities	46,111,276	–	46,111,276	–
Debt securities	10,119,026	–	10,119,026	–
Long-term receivables	5,000,000	–	–	5,000,000
Long-term deposits	867,624	–	–	867,624
	406,741,644	235,024,481	165,849,539	5,867,624

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) Market risk, continued

(iii) Fair value, continued

	2021			
	Carrying	Fair Value		
	Amount	Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Financial assets measured at FVOCI:				
Equity securities	302,693,152	217,348,100	85,345,052	–
Government securities	44,200,605	–	44,200,605	–
Debt securities	11,590,039	–	11,590,039	–
Long-term receivables	5,000,000	–	–	5,000,000
Long-term deposits	–	–	–	–
	363,483,796	217,348,100	141,135,696	5,000,000

Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of investment in private equity funds is determined using unadjusted net asset value (level 2 valuation). The unadjusted net asset value is used when the units in a fund are redeemable at the reportable net asset value at, or approximately at, the measurement date.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NIB's equity securities at FVOCI are listed on US and non-US stock exchanges. For such investments, a twenty percent increase in value at the reporting date would have increased other comprehensive income in the statement of income, expenses and reserves by US\$68,928,744 (2021: US\$60,538,630) and an equal change in the opposite direction would have decreased other comprehensive income in the statement of income, expenses and reserves by US\$68,928,744 (2021: US\$60,538,630).

The method applied to determine the fair value of long-term receivables at the reporting date was a discounted cash flow model. This valuation model considers the present value of any expected payment, discounted using a risk-adjusted discount rate.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

24. Financial instruments, continued

(c) *Market risk, continued*

(iii) *Fair value, continued*

The value of NIB's investment holdings with TCI Bank has been reduced by management's best estimate following TCI Bank entering provisional liquidation and then liquidation. A 10% decrease in provision on the gross, non-secured, non-equity, balance would have increased the change in fair value and net income in the statement of income, expenses and reserves for the year by US\$1.75 million (2021: US\$1.75 million).

25. Commitments

At the reporting date NIB had committed to invest in the following hedge funds and private equity funds:

	At March 31, 2022		
	Commitment	Net Contributions	Remaining Commitment
	US\$	US\$	US\$
Strategic Value Special Situations Feeder Fund III, L.P.	2,500,000	2,275,000	225,000
Portfolio Advisors Private Equity Fund 2015 (Offshore), L.P.	5,000,000	4,157,663	842,337
NB Strategic Co. – Investment Cayman Partners III L.P.	5,000,000	4,566,324	433,676
Portfolio Advisors Private Equity Fund 2017 (Offshore), L.P.	5,000,000	3,583,880	1,416,120
Pretium Residential Real Estate Fund II Offshore, L.P.	5,000,000	2,441,484	2,558,516
EnTrustPermal Special Opportunities Fund IV Ltd.	5,000,000	5,000,000	–
Madison International Real Estate Liquidity Fund VII (Intl), L.P.	5,000,000	4,335,785	664,215
Angelo Gordon Energy Credit Opportunities Offshore Holdings IV, L.P.	1,150,000	1,150,000	–
Blackrock Private Opportunities Fund IV (Cayman), L.P.	5,000,000	3,561,561	1,438,439
Canyon Distressed Opportunity Fund III	5,000,000	3,700,000	1,300,000
Clover Private Credit Opportunities Secondary II Feeder LP and Clover Private Credit Opportunities Origination II Feeder LP	5,000,000	3,031,945	1,968,055
	48,650,000	37,803,642	10,846,358

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

25. Commitments, continued

	At March 31, 2021		
	Commitment	Net Contributions	Remaining Commitment
	US\$	US\$	US\$
Strategic Value Special Situations Feeder Fund III, L.P.	2,500,000	2,275,000	225,000
Portfolio Advisors Private Equity Fund 2015 (Offshore), L.P.	5,000,000	4,157,663	842,337
NB Strategic Co. – Investment Cayman Partners III L.P.	5,000,000	4,507,639	492,361
Portfolio Advisors Private Equity Fund 2017 (Offshore), L.P.	5,000,000	3,467,654	1,532,346
Pretium Residential Real Estate Fund II Offshore, L.P.	5,000,000	4,719,284	280,716
EnTrustPermal Special Opportunities Fund IV Ltd.	5,000,000	3,813,720	1,186,280
Madison International Real Estate Liquidity Fund VII (Intl), L.P.	5,000,000	3,498,330	1,501,670
Angelo Gordon Energy Credit Opportunities Offshore Holdings IV, L.P.	2,500,000	1,062,500	1,437,500
Blackrock Private Opportunities Fund IV (Cayman), L.P.	5,000,000	3,888,235	1,111,765
Canyon Distressed Opportunity Fund III	5,000,000	3,150,000	1,850,000
Clover Private Credit Opportunities Secondary II Feeder LP and Clover Private Credit Opportunities Origination II Feeder LP	5,000,000	1,104,488	3,895,512
	50,000,000	35,644,513	14,355,487

The obligation to invest in each fund is irrevocable and can only be withdrawn or cancelled with the consent of certain partners in accordance with the terms and conditions stipulated in each partnership agreement. At March 31, 2022 NIB had a remaining total investment commitment of US\$10,846,358 (2021: US\$14,355,487).

26. Contingent liabilities

In the ordinary course of its activities NIB is a party to several legal actions. NIB is contingently liable for costs and damages in the event of any adverse finding by the TCI court (the Court) in relation to any of these legal actions. However, it is not possible to predict the decision of the Court or estimate the amount of such awards, if any. Accordingly, no provision has been made in these financial statements regarding these legal proceedings. Management is of the opinion that the resolution of these matters will not have a material impact on NIB's financial statements.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

27. Subsequent events

(a) Amendments made to the national insurance legislations

Subsequent to March 31, 2022 the following amendments were made to national insurance legislation:

- National Insurance (Benefits) (Amendment) Regulations 2022. These Regulations amended the principal Regulations to (a) provide for an increase in pensions to persons who retire after the age of sixty-five years (b) decrease the benefit accrual rate (c) increase the minimum contribution weeks entitlement to invalidity pension and (d) increase the pensionable age for non-contributory pension from sixty-eight to seventy years commencing April 1, 2022.

The new accrual rate for the retirement pension benefit will be amended as follows for persons aged 49 years and under on April 1, 2022:

- Twenty percent of the average weekly insurable earnings will be payable to an insured person who has paid or to whom has been credited not less than five hundred contributions.
- This will be supplemented by a further 2% of the average weekly insurable earnings for each unit of fifty paid or credited contributions in excess of the first five hundred, up to a total of one thousand of such contributions, or contribution years 11 to 20.
- An additional 1% of the average weekly insurable earnings for each unit of fifty paid or credited contributions exceeding one thousand will be paid up to a maximum of 60%.

The qualifying conditions for the retirement pension for persons aged 50 years or older on the date the amendment is adopted will remain unchanged and they will receive a pension based on the current benefit formula.

The minimum contribution weeks to qualify for an invalidity pension will increase from 150 to 300 contributions, effective April 1, 2022.

- National Insurance (Contributions) (Amendment) Regulations 2022. This amended the principal Regulations to provide for the increase in the contribution rates over a three-year period commencing April 1, 2022.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2022

27. Subsequent events, continued

(a) Amendments made to the national insurance legislations, continued

- National Insurance (Contributions) (Amendment) Regulations 2022, continued

Incremental increases in the current contribution rates over the next three years with effect from April 1, 2022 will be as follows:

	April 1, 2022	April 1, 2023	April 1, 2024
Private Sector	10%	11%	12%
<i>Employer/ Employee:</i>	5.5% / 4.5%	6% / 5%	6.5% / 5.5%
Public Sector	9.15%	10.15%	11.15%
<i>Employer/Employee:</i>	5.075% / 4.075%	5.575% / 4.575%	6.075% / 5.075%
Self-Employed	8%	9%	10%

- National Insurance (Financial and Accounting) (Amendment) Regulations 2022. These Regulations amended the principal Regulations to provide for the new allocation of contributions under the named branches as a consequence of the increase in the contribution rates commencing April 1, 2022.

(b) Services Agreement

On May 13, 2022, NIB entered into a services agreement (the Agreement) with a third party contractor (the Contractor) to implement a new Enterprise Operations Management System, including annual software subscriptions, software purchase, software support, biometric hardware, Azure services, implementation services, training and related support. The total contractual amount of the Agreement is US\$1,449,007. The performance of the services was to commence within thirty days of execution of the Agreement and payment of the retainer by NIB to the Contractor. The Agreement may be terminated by NIB by providing two weeks' notice to the Contractor in accordance with the terms and conditions of the Agreement.

(c) TCIG Multi Employer Enhanced Pension Plan

On September 7, 2020 TCIG approved NIB's request to participate in the TCIG Multi Employer Enhanced Pension Plan effective from April 1, 2022. In addition, consideration was given to granting credit for NIB's staff past service cost of US\$971,235.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Financial Statements

Year ended March 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors of the Turks and Caicos Islands National Insurance Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Turks and Caicos Islands National Insurance Board (NIB), which comprise the statement of financial position as at March 31, 2023, the statements of income, expenses and reserves, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of NIB as at March 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of NIB in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 15 to these financial statements.

For promised retirement benefits NIB has elected to apply International Accounting Standard 26, *'Accounting and Reporting by Retirement Benefit Plans'*, as its accounting policy for these benefits, which requires the actuarial present value of promised retirement benefits to be recognised on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has chosen to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements.

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Emphasis of Matter, continued

NIB's last two actuarial reviews were at March 31, 2022 and March 31, 2019. The actuarial present value of promised retirement benefits was US\$787 million at March 31, 2022 (2019: US\$636 million). NIB had total reserves of US\$418 million at March 31, 2022 (2019: US\$282 million). At March 31, 2022 there was therefore a shortfall of US\$369 million (2019: US\$354 million) between the total reserves and the actuarial present value of promised retirement benefits.

On May 30, 2023, the Board of NIB approved a new Funding Policy with an effective date of May 25, 2023. NIB adopted three funding methods for each of the three benefit branches. The Partially Funded Method is considered to be NIB's primary funding method as it will be adopted by the Long-Term Benefit Branch which dominates the Fund. The Pay-as-you-Go with a small reserve (PAYGwR) Method will be adopted by the Short-Term Benefit Branch and for certain benefits of the Employment Injury Branch. The Full Funded Method will be adopted by the Employment Injury Branch for long-term risks. More information on the new Funding Policy can be found at note 27 to these financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements, continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause NIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Turks and Caicos Islands' National Insurance Ordinance 1991 and National Insurance (Financial and Accounting) Regulations (hereafter referred to collectively as 'the Ordinance'), we also confirm that the presentation, structure and content of the financial statements of NIB as at March 31, 2023 and for the year then ended are consistent with the requirements of the Ordinance.

Intended Use of Report

This report is intended solely for the information and use of the Minister of Education, Labour, Employment and Customer Service of the Turks and Caicos Islands (TCI), TCI's legislative body and the Directors of NIB and should not be relied on by anyone other than these specified parties.

BakerTilly Ltd.

Chartered Accountants

Providenciales, Turks and Caicos Islands

February 22, 2024

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Financial Position

At March 31, 2023

with comparative figures at March 31, 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 5)	US\$ 38,339,020	42,931,066
Contributions and other receivables (note 6)	7,104,386	4,473,279
Short-term investments (note 7)	9,930,856	4,541,782
Current portion of long-term deposits (note 11)	1,218,614	–
Other assets	257,894	65,694
	<u>56,850,770</u>	<u>52,011,821</u>
Non-current assets:		
Financial assets measured at fair value through other comprehensive income (FVOCI) (note 8)	397,358,778	400,874,020
Long-term receivable (note 9)	5,000,000	5,000,000
Property and equipment (note 10)	2,892,371	2,765,722
Long-term deposits (note 11)	–	867,624
Investment in TCI Bank Limited (note 12)	–	–
	<u>405,251,149</u>	<u>409,507,366</u>
	<u>US\$ 462,101,919</u>	<u>461,519,187</u>
Liabilities and Reserves		
Current Liabilities:		
Accounts payable and accrued expenses (note 13)	US\$ 877,528	841,312
Provision for unemployment assistance benefit (note 14)	95,544	96,330
	<u>973,072</u>	<u>937,642</u>
Non-current liabilities:		
Provisions for long-term benefits, other than promised retirement benefits (note 15)	48,644,000	42,706,000
	<u>49,617,072</u>	<u>43,643,642</u>
Reserves:		
Long-term benefit branch	274,263,897	281,885,264
Short-term benefit branch	58,055,148	53,429,716
Employment injury benefit branch		
Disablement and death benefit	80,000,580	82,423,241
Employment injury benefit (note 16)	165,222	137,324
	<u>412,484,847</u>	<u>417,875,545</u>
	<u>US\$ 462,101,919</u>	<u>461,519,187</u>

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

These financial statements were approved on behalf of the Board of Directors on February 22, 2024 by the following:

Trevor Cooke Chairman

Deveraux Malcolm Board Member

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserves

Year ended March 31, 2023

with comparative figures for year ended March 31, 2022

		2023	2022
Income:			
Contributions:			
Private sector	US\$	54,586,624	39,336,778
Civil servants		2,602,422	1,966,487
Self employed		1,526,108	1,192,643
Voluntary		216	88
		58,715,370	42,495,996
Income from, and net realised gains on,			
financial assets measured at FVOCI (note 17)		8,292,945	16,783,023
Impairment recovery on assets with TCI Bank (note 11)		354,009	875,088
Interest and other income (note 18)		706,823	834,121
Surcharges (note 6)		987,045	581,323
		69,056,192	61,569,551
Expenses:			
Benefits (note 19)		(28,268,641)	(23,365,465)
General and administrative expenses (note 20)		(6,253,547)	(5,795,818)
Investment expenses (note 21)		(2,167,596)	(2,580,610)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)		(5,938,000)	(1,372,000)
		(42,627,784)	(33,113,893)
Net income before other comprehensive (loss)/income		26,428,408	28,455,658
Other comprehensive (loss)/income:			
Net realised (loss)/gain on equity securities at FVOCI		(1,607,233)	39,331,925
Net change in fair value of financial assets measured at FVOCI (note 22)		(30,211,873)	(35,893,049)
		(31,819,106)	3,438,876
Net (loss)/income for year		US\$ (5,390,698)	31,894,534
Net (loss)/income for year transferred to:			
Long-term benefit branch reserve	US\$	(7,621,367)	17,013,173
Short-term benefit branch reserve		4,625,432	5,943,810
Employment injury benefit reserve		27,898	(131,338)
Disablement and death benefit reserve		(2,422,661)	9,068,889
	US\$	(5,390,698)	31,894,534

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserve
Long-Term Benefit Branch

Year ended March 31, 2023
with comparative figures for year ended March 31, 2022

	2023	2022
Income:		
Contributions:		
Private sector	US\$ 38,210,637	27,044,035
Civil servants	1,990,924	1,578,931
Self employed	1,335,344	964,638
Voluntary	216	88
	41,537,121	29,587,692
Income from, and net realised gains on, financial assets measured at FVOCI	5,594,151	11,517,029
Impairment recovery on assets with TCI Bank	238,803	600,512
Interest and other income	476,799	572,400
Surcharges	678,593	399,660
	48,525,467	42,677,293
Expenses:		
Benefits (note 19)	(24,861,633)	(20,502,891)
General and administrative expenses	(4,189,876)	(3,883,198)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)	(4,169,000)	(1,867,000)
Investment expenses	(1,462,189)	(1,770,894)
	(34,682,698)	(28,023,983)
Net income before other comprehensive (loss)/income	13,842,769	14,653,310
Other comprehensive (loss)/income:		
Net realised (loss)/gain on equity securities at FVOCI	(1,084,188)	26,990,782
Net change in fair value of financial assets measured at FVOCI	(20,379,948)	(24,630,919)
	(21,464,136)	2,359,863
Net (loss)/income for year	US\$ (7,621,367)	17,013,173

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserve
Short-Term Benefit Branch

Year ended March 31, 2023
with comparative figures for year ended March 31, 2022

	2023	2022
Income:		
Contributions:		
Private sector	US\$ 10,917,325	6,392,226
Self employed	190,764	228,005
Civil servants	327,080	43,062
	11,435,169	6,663,293
Income from, and net realised gains on, financial assets measured at FVOCI	1,060,339	2,064,757
Impairment recovery on assets with TCI Bank	45,264	107,659
Interest and other income	90,375	102,619
Surcharges	160,395	94,465
	12,791,542	9,032,793
Expenses:		
Benefits (note 19)	(2,757,455)	(2,209,283)
General and administrative expenses	(1,063,103)	(985,289)
Investment expenses	(277,150)	(317,484)
	(4,097,708)	(3,512,056)
Net income before other comprehensive (loss)/income	8,693,834	5,520,737
Other comprehensive (loss)/income:		
Net realised (loss)/gain on equity securities at FVOCI	(205,501)	4,838,870
Net change in fair value of financial assets measured at FVOCI	(3,862,901)	(4,415,797)
	(4,068,402)	423,073
Net income for year	US\$ 4,625,432	5,943,810

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Income, Expenses and Reserves
Employment Injury Benefit Branch

Year ended March 31, 2023
with comparative figures for year ended March 31, 2022

	2023	2022
Income:		
Contributions:		
Private sector	US\$ 5,458,662	5,900,517
Civil servants	284,418	344,494
	5,743,080	6,245,011
Income from, and net realised gains on, financial assets measured at FVOCI	1,638,455	3,201,237
Impairment recovery on assets with TCI Bank	69,942	166,917
Interest and other income	139,649	159,102
Surcharges	148,057	87,198
	7,739,183	9,859,465
Expenses:		
General and administrative expenses	(1,000,568)	(927,331)
Benefits (note 19)	(649,553)	(653,291)
Investment expenses	(428,257)	(492,232)
Change in provisions for long-term benefits, other than promised retirement benefits (note 15)	(1,769,000)	495,000
	(3,847,378)	(1,577,854)
Net income before other comprehensive (loss)/income	3,891,805	8,281,611
Other comprehensive (loss)/income:		
Net realised (loss)/gain on equity securities at FVOCI	(317,544)	7,502,273
Net change in fair value of financial assets measured at FVOCI	(5,969,024)	(6,846,333)
	(6,286,568)	655,940
Net (loss)/income for year	US\$ (2,394,763)	8,937,551
Net (loss)/income for year transferred to:		
Employment injury benefit reserve	US\$ 27,898	(131,338)
Disablement and death benefit reserve	(2,422,661)	9,068,889
	US\$ (2,394,763)	8,937,551

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Changes in Reserves

Year ended March 31, 2023

with comparative figures for year ended March 31, 2022

	Long-Term Benefit Branch US\$	Short-Term Benefit Branch US\$	Employment Injury Benefit Branch		Total US\$
			Employment injury benefit US\$	Disablement and death benefit US\$	
Balance at April 1, 2021	264,872,091	47,485,906	268,662	73,354,352	385,981,011
Transfer from net income for year	17,013,173	5,943,810	(131,338)	9,068,889	31,894,534
Balance at March 31, 2022	281,885,264	53,429,716	137,324	82,423,241	417,875,545
Balance at April 1, 2022	281,885,264	53,429,716	137,324	82,423,241	417,875,545
Transfer from net loss for year	(7,621,367)	4,625,432	27,898	(2,422,661)	(5,390,698)
Balance at March 31, 2023	274,263,897	58,055,148	165,222	80,000,580	412,484,847

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Statement of Cash Flows

Year ended March 31, 2023

with comparative figures for year ended March 31, 2022

	2023	2022
Cash flows from operating activities:		
Net income before other comprehensive (loss)/income	US\$ 26,428,408	28,455,658
Adjustments for:		
Recovery on long-term deposits (note 11)	(350,990)	(867,624)
Depreciation of property and equipment (note 10)	371,142	412,557
Interest income (note 18)	(500,660)	(474,440)
Brokers' fees on financial assets measured at FVOCI (note 21)	2,124,936	2,550,610
Income from, and net realised gains on, financial assets measured at FVOCI (note 17)	(8,292,945)	(16,783,023)
Property and equipment written-off (note 10)	–	54,616
	19,779,891	13,348,354
<i>Changes in operating assets:</i>		
Change in contributions and other receivables, net of interest receivable (net)	(2,609,672)	(925,554)
Change in other assets	(192,200)	(15,799)
<i>Changes in operating liabilities:</i>		
Change in accounts payable and accrued expenses	36,216	228,756
Change in provision for unemployment assistance benefit	(786)	(3,091,829)
Change in provisions for long-term benefits, other than promised retirement benefits	5,938,000	1,372,000
<i>Net cash from operating activities</i>	22,951,449	10,915,928
Cash flows used in investing activities:		
Change in short-term investments	(5,389,074)	5,613,503
Net additions to financial assets measured at FVOCI	(143,680,018)	(234,680,721)
Net proceeds from financial assets measured at FVOCI	121,544,163	209,961,786
Interest income received	479,225	351,349
Additions to property and equipment	(497,791)	(102,317)
<i>Net cash used in investing activities</i>	(27,543,495)	(18,856,400)
Net decrease in cash and cash equivalents	(4,592,046)	(7,940,472)
Cash and cash equivalents at beginning of year	42,931,066	50,871,538
Cash and cash equivalents at end of year	US\$ 38,339,020	42,931,066

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

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements

Year ended March 31, 2023

1. General information

The Turks and Caicos Islands National Insurance Board (NIB) is a body corporate established in the Turks and Caicos Islands (TCI) on April 6, 1992 pursuant to section 27 of the National Insurance Ordinance 1991 (the Ordinance), as revised. NIB's primary purpose is to control and manage the National Insurance Fund ("the Fund") established under section 46 of the Ordinance so as to provide various benefits to persons insured under the Ordinance.

NIB's registered office address is at the Hon. L. Headley Durham building, Grand Turk, TCI.

2. Basis of preparation

(a) *Statement of accounting*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Ordinance.

Details of NIB's significant accounting policies are included at note 3.

These financial statements have been prepared on a fair value basis for all assets held for investment purposes and under the historical cost convention for all other assets and liabilities.

The methods used to measure fair values are discussed further at note 4.

(b) *Functional and presentation currency*

These financial statements are presented in United States (US) dollars, which is NIB's functional currency. All financial information presented in US dollars has been rounded to the nearest dollar, unless otherwise indicated.

(c) *Use of estimates and judgements*

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

2. Basis of preparation, continued

(c) *Use of estimates and judgements, continued*

- Note 3(f) – Impairment
- Note 6 – Contributions and other receivables
- Note 11 – Long-term deposits
- Note 12 – Investment in TCI Bank Limited
- Note 15 – Actuarial review

These financial statements have been prepared on a going concern basis. No adjustments or reclassifications have been made that might be necessary if a basis of accounting other than a going concern basis were to be used.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) *Non-derivative financial instruments*

(i) *Recognition and initial measurement*

NIB initially recognises accounts receivable and debt securities on the date they are originated. All other financial assets and financial liabilities (including regular-way purchases and sales of financial assets) are initially recognised on the trade date when NIB becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless NIB changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets, continued

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, NIB may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition, NIB may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NIB has the following financial assets measured at amortised cost: cash and cash equivalents, contributions and other receivables, short-term investments, long-term receivable and long-term deposits.

Cash and cash equivalents comprise cash at investment managers, cash at banks - savings and current accounts, certificate of deposit and cash on hand.

Cash equivalents are short-term highly liquid investments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change of value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Contributions and other receivables comprise outstanding contributions from private employers and the self-employed, surcharges receivable, other receivables and interest receivable.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets, continued

Long-term deposits are designated as FVTPL to comply with the requirements of International Accounting Standard 26, *Accounting and Reporting by Retirement Benefit Plans*, (IAS 26).

Financial assets – Business model assessment

NIB makes an assessment of the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to NIB's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, consistent with NIB's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time - e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, NIB considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, NIB considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features;
- terms that limit NIB's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in the statement of income, expenses and reserves. Any gain or loss on derecognition is also recognised in the statement of income, expenses and reserves.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Subsequent measurement and gains and losses, continued

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of income, expenses and reserves.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, realised gains and impairment are recognised in the statement of income, expenses and reserves. Other net gains and losses are recognised in other comprehensive income in the statement of income, expenses and reserves.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the statement of income, expenses and reserves unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income in the statement of income, expenses and reserves.

Non-derivative financial liabilities – Classification, subsequent measurement and gains and losses

Non-derivative financial liabilities are classified as measured at amortised cost. These are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the statement of income, expenses and reserves. Any gain or loss on derecognition is also recognised in the statement of income, expenses and reserves.

NIB's non-derivative financial liabilities are accounts payable and accrued expenses.

(iii) *Derecognition*

Financial assets

NIB derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which NIB neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(a) *Non-derivative financial instruments, continued*

(iii) *Derecognition, continued*

Financial assets, continued

NIB enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

NIB generally derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. NIB also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of income, expenses and reserves.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, NIB currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard.

(b) *Provisions*

A provision is recognised if, as a result of a past event, NIB has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Per IAS 26, NIB has an option as to whether it discloses the actuarial present value of promised retirement benefits on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(b) Provisions, continued

NIB has elected to disclose the actuarial present value of promised retirement benefits in a note to the financial statements (note 15). This actuarial present value is calculated every three years. The latest valuation was performed as at March 31, 2022.

The actuarial present value of long-term benefits, other than promised retirement benefits, is calculated annually by an independent actuary and was most recently quantified at March 31, 2023 (note 15) and recognised in NIB's financial statements in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and IAS 1, *Presentation of Financial Statements*.

(c) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and impairment losses (note 3(f)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of property and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses arising from the disposal of property and equipment are reflected in the statement of income, expenses and reserves.

(ii) Subsequent costs

The cost of replacing an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to NIB and its cost can be reliably measured. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property and equipment is recognised in the statement of income, expenses and reserves, as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of income, expenses and reserves on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Freehold land is not depreciated.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(c) Property and equipment, continued

(iii) Depreciation, continued

Estimated useful lives for the current and comparative periods are as follows:

Buildings	25 years
Leasehold land	Over term of the lease
Furniture & Fixtures	3-10 years
Computer Equipment	3-10 years
Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if necessary.

(d) Reserves

The TCI National Insurance (Financial and Accounting) Regulations (the Regulations) require benefits and reserves to be grouped into three separate benefit branches (the Benefit Branches) and four reserves, respectively, as follows:

- (i) Long-Term Benefit Branch, comprising retirement benefit, invalidity pension, survivors' benefit, funeral grant and non-contributory old age pension.

A Long-Term Benefit Reserve is constituted by annually transferring the excess of income over expenses of the Long-Term Benefit Branch.

- (ii) Short-Term Benefit Branch, comprising unemployment benefit, sickness benefit and maternity benefit.

A Short-Term Benefit Reserve is constituted by annually transferring the excess of income over expenses of the Short-Term Benefit Branch.

- (iii) Employment Injury Benefit Branch, comprising injury benefit, disablement benefit, death benefit, death grant payable on death due to employment injury and medical care.

An Employment Injury Benefit Reserve is constituted to finance employment injury benefit, disablement grant, death grant and medical care by annually transferring that part of the net income of the Employment Injury Benefit Branch that is sufficient to maintain the level of the reserve at one-half of the amount paid for the said benefits in the two previous financial years.

- (iv) After the aforementioned transfer to the Employment Injury Benefit Reserve has been made in accordance with the Regulations the remaining net income of the Employment Injury Benefit Branch is transferred annually to the Disablement and Death Benefit Reserve.

Further information on the allocation of income and expenses to the reserves is provided at note 3(e)(v).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(e) Revenue and expense recognition

(i) Contribution and surcharge income

Contribution income is recognised on an accruals basis, at the requisite statutory rates, utilising employer monthly contribution statements, which are settled in arrears.

Surcharges are recognised on an accruals basis at the requisite statutory rates.

(ii) Rental income

Rental income is recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(iii) Investment income

Investment income comprises interest income on funds invested (including financial assets measured at FVOCI), dividend income, gains on the disposal of financial assets measured at FVOCI and change in fair value of financial assets measured at FVOCI.

Interest income is recognised in the statement of income, expenses and reserves as it accrues, using the effective interest rate method.

Dividend income is recognised in the statement of income, expenses and reserves on the date that NIB's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

Gains on the disposal of financial assets measured at FVOCI are included in the statement of income, expenses and reserves in the period in which they arise.

(iv) Benefits, general and administrative expenses

Expenditure on benefits is recognised when NIB's obligation to make a payment has been established, which is generally upon approval of a claim.

General and administrative expenses are recognised on an accruals basis.

Long-term benefits (other than provisions for long-term benefits), such as retirement pension, old age non contributory, survivors, invalidity pension, retirement, funeral and survivors grants are generally recognised upon approval of a claim subject to the provisions of sections 3(1), 54(1), 14(1), 7(1), 3(4), 20(1) and 14(2) of the TCI National Insurance (Benefit) Regulations (the Benefit Regulations), respectively.

Short-term benefits (other than provisions for short-term benefits), such as unemployment, maternity allowance, sickness and maternity grants are generally recognised upon approval of a claim subject to the provisions of sections 29(1), 22(1) and 33(1) of the Benefit Regulations, respectively.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(e) Revenue and expense recognition, continued

(iv) Benefits, general and administrative expenses, continued

Employment injury benefits (other than provisions for employment injury benefits), such as disablement, death and injury are generally recognised upon approval of a claim subject to the provisions of sections 40(1), 45 and 35(1) of the Benefit Regulations, respectively.

As disclosed at notes 3(b), 3(i) and 15, NIB has elected to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements as permitted per IAS 26. An actuarial valuation is performed every 3 years. The latest valuation was performed as at March 31, 2022. Certain results of the actuarial valuation as at March 31, 2022 are disclosed further at note 15.

The actuarial present value of long-term benefits, other than promised retirement benefits, was quantified by an independent actuary at March 31, 2023 and 2022 (note 15) and recognised in NIB's financial statements in accordance with IAS 37.

(v) Basis of apportionment of income and expenses

The statutory rates of total contributions, which are applied on an employed and self-employed person's earnings and stipulated under sections 4, 14 and 19 of the TCI National Insurance (Contributions) Regulations (the Contributions Regulations), for the year ended March 31, 2023 were as follows: Civil Servants 9.15%; Private Sector (general) 10.00%; Private Sector (under section 4(3) of the Contributions Regulations) 2.50% and (under section 4(4) of the Contributions Regulations) 1.20%; Self Employed 8.00%; and Voluntary 10.00% (2022: Civil Servants 6.85%; Private Sector (general) 8.00%; Private Sector (under section 4(3) of the Contributions Regulations) 2.50% and (under section 4(4) of the Contributions Regulations) 1.20%; Self Employed 6.80%; and Voluntary 10.00%.)

In addition to the increase in contribution rates for the year ended March 31, 2023 further incremental increases in the current contribution rates over the next two years with effect from April 1, 2023 will be as follows:

	April 1, 2023	April 1, 2024
Private Sector	11%	12%
<i>Employer/Employee:</i>	6% / 5%	6.5% / 5.5%
Civil Servants	10.15%	11.15%
<i>Employer/Employee:</i>	5.575% / 4.575%	6.075% / 5.075%
Self Employed	9%	10%

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(e) *Revenue and expense recognition, continued*

(v) *Basis of apportionment of income and expenses, continued*

Sections 4(3) and 4(4) of the Contributions Regulations relate to the employment of a temporary resident and employment of an insured person sixty years and older and who is in receipt of a retirement pension whose contributions are payable at a rate of 2.5% and 1.20%, respectively, and not the standard 8% for all other private sector workers.

Section 13(1) of the Regulations provides that the aforementioned total contribution and surcharge income (note 3(e)(i)) shall be allocated among the Benefit Branches as follows:

Year ended March 31, 2023

Contributions from:	Long-Term Benefit Branch	Short-Term Benefit Branch	Employment Injury Benefit Branch
Civil Servants	7.00 / 9.15	1.15 / 9.15	1.00 / 9.15
Private Sector (general)	7.00 / 10.00	2.00 / 10.00	1.00 / 10.00
Private Sector (under section 4(3) of the Contributions Regulations)	–	1.30 / 2.50	1.20 / 2.50
Private Sector (under section 4(4) of the Contributions Regulations)	–	–	1.20 / 10.00
Self Employed	7.00 / 8.00	1.00 / 8.00	–
Voluntary	10.00 / 10.00	–	–

Year ended March 31, 2022

Contributions from:	Long-Term Benefit Branch	Short-Term Benefit Branch	Employment Injury Benefit Branch
Civil Servants	5.50 / 6.85	0.15 / 6.85	1.20 / 6.85
Private Sector (general)	5.50 / 8.00	1.30 / 8.00	1.20 / 8.00
Private Sector (under section 4(3) of the Contributions Regulations)	–	1.30 / 2.50	1.20 / 2.50
Private Sector (under section 4(4) of the Contributions Regulations)	–	–	1.20 / 8.00
Self Employed	5.50 / 6.80	1.30 / 6.80	–
Voluntary	10.00 / 10.00	–	–

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(e) Revenue and expense recognition, continued

(v) Basis of apportionment of income and expenses, continued

Section 13(2) of the Regulations provides that income from investment of reserves shall be allocated to the Benefit Branches in proportion to the amount of the reserve of each Benefit Branch at the beginning of the respective year.

Investment income and expenses for the year ended March 31, 2023 and 2022 were allocated as follows:

	2023	2022
Long-Term Benefit Branch	67.46%	68.62%
Short-Term Benefit Branch	12.78%	12.30%
Employment Injury Benefit Branch	19.76%	19.08%
	100.00%	100.00%

Section 14(1) of the Regulations provides that expenditure on each benefit shall be ascribed to the appropriate branch.

Section 14(2) of the Regulations provides that the administrative expenditure of NIB shall be distributed among the Long-Term Benefit Branch, Short-Term Benefit Branch and Employment Injury Benefit Branch in the proportion of 67%, 17% and 16%, respectively.

(f) Impairment

(i) Non-derivative financial assets

NIB recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt securities at FVOCI.

NIB measures loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than contributions and other receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas a 12-month ECL is that part of an ECL that results from default events that are possible within the 12 months after the reporting date.

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which NIB is exposed to credit risk.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(f) Impairment, continued

(i) Non-derivative financial assets, continued

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* the present value of all cash shortfalls - i.e. the difference between the cash flows due to NIB in accordance with the Contributions Regulations and certain contracts and the cash flows that NIB expects to receive; and
- *Financial assets that are credit-impaired at the reporting date:* the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, NIB assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes, but is not restricted to, the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of the Contributions Regulations and certain contracts such as a default or past-due event;
- the restructuring of an amount due to NIB on terms that NIB would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(f) *Impairment, continued*

(i) *Non-derivative financial assets, continued*

Credit-impaired financial assets, continued

In assessing whether an investment in debt securities is credit-impaired, NIB considers the following factors:

- the market's assessment of creditworthiness as reflected in bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowances on the statement of financial position

Loss allowances for ECLs are presented as follows:

- *Financial assets measured at amortised cost*: the loss allowance is deducted from the gross carrying amount of the assets; and
- *Debt investments at FVOCI*: the loss allowance is recognised in other comprehensive income/reserves and does not reduce the carrying amount of the financial asset on the statement of financial position.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when NIB determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with NIB's procedures for recovery of amounts due.

(ii) *Non-financial assets*

At each reporting date, NIB reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(f) *Impairment, continued*

(ii) *Non-financial assets, continued*

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of income, expenses and reserves.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) *Leases*

(i) *As a lessor*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Dual-use assets that are partially leased out under operating leases are included in property and equipment on the statement of financial position. Rental income is recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease.

(ii) *As a lessee*

- *Lease term is 12 months or less or the underlying asset has a low value.*

Rental expenses are recognised in the statement of income, expenses and reserves on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total rental expenses, over the term of the lease, if any.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(g) Leases, continued

(ii) As a lessee, continued

- Lease term is more than 12 months or the underlying asset has a high value.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are recognised on the statement of financial position of NIB unless the lease term is 12 months or less or the underlying asset has a low value. NIB recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments on the statement of financial position.

The right-of-use asset is initially measured at cost, which is the present value of the lease payments that are not paid at that date, and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Depreciation of a right-of-use asset and interest on the lease liability is recognised in the statement of income, expenses and reserves over the lease term, and payment of principal and interest on the lease liability is presented separately within financing activities in the statement of cash flows.

(h) Taxation

Under current TCI law, NIB is not required to pay any taxes in TCI on either income or capital gains. Consequently, no tax liability or expense has been recorded in these financial statements.

(i) Actuarial present value of promised retirement benefits

IAS 26 permits the recognition of promised retirement benefits on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has elected to recognise the actuarial present value of its promised retirement benefits in the notes to the financial statements (note 15). The actuarial present value of other long-term benefits has been recognised as a liability on the statement of financial position for all reporting periods.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(j) *Related parties*

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions apply:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled, or jointly controlled, by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions pertain to transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(k) *New standards, amendments and interpretations to published standards not yet adopted*

The following are new standards, amendments and interpretations to published standards, issued but not effective for the financial year beginning April 1, 2022 and not early adopted by NIB:

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(k) *New standards, amendments and interpretations to published standards not yet adopted, continued*

(i) Effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- IFRS 17, *Insurance Contracts* – IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted only for entities that also apply both IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*.
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, *Income Taxes*) – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.
- Definition of Accounting Estimates (Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*) – The amendments help entities to distinguish between accounting policies and accounting estimates.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – The amendments to IAS 1 require reporting entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

(ii) Effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16, *Leases*) – The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Significant accounting policies, continued

(k) *New standards, amendments and interpretations to published standards not yet adopted, continued*

- Non-current Liabilities with Covenants (Amendments to IAS 1) – The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The new standards, amendments and interpretations to published standards and statements are expected by NIB to be either not relevant or not significant to NIB's operations and, accordingly, will not have a material impact on NIB's financial statements and/or accounting policies.

4. Determination of fair values

A number of NIB'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, as described below. Where applicable, further information about the assumptions made in determining fair value has been disclosed in the notes specific to that asset or liability.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

(a) *Financial assets measured at FVOCI*

The fair value of financial assets measured at FVOCI is determined by reference to their quoted prices in an active market at the reporting date.

(b) *Investment in, and assets held with, TCI Bank*

NIB's investment in TCI Bank Limited (TCI Bank) has been accounted for using the fair value model so as to comply with IAS 26. Changes in fair value are recognised in the statement of income, expenses and reserves. The fair value of NIB's investment in TCI Bank was assessed by NIB's management to be US\$nil at March 31, 2023 (2022: US\$nil) as a consequence of TCI Bank entering provisional liquidation on April 9, 2010 and liquidation on October 29, 2010.

The fair value of NIB's other, non-secured, assets held with TCI Bank was reduced by 38% (2022: 40%) of the total amounts held at the date TCI Bank entered provisional liquidation, being management's best estimate of an appropriate fair value adjustment in the circumstances. Changes in fair value are recognised in the statement of income, expenses and reserves.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

4. Determination of fair values, continued

(c) Provisions for long-term benefits, other than promised retirement benefits

The fair value of provisions for long-term benefits, other than promised retirement benefits, is estimated as the present value of future cash outflows discounted at a rate of 4.5% at March 31, 2023 (2022: 4.5%) (note 15).

(d) Other financial instruments

Due to their short-term nature the carrying amounts of other financial assets and liabilities of NIB approximate their fair value.

The fair value of financial assets and liabilities with no fixed terms of repayment cannot be determined reliably.

NIB has an established control framework with respect to the measurement of fair values.

NIB regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then NIB assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors of NIB (the Board).

When measuring the fair value of a financial instrument, NIB uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

4. Determination of fair values, continued

Valuation techniques include net present value, discounted cash flow models and comparison with similar instruments for which an observable market exists. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates.

The objective of the valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

If the inputs used to measure the fair value of a financial instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NIB recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Cash and cash equivalents

		2023	2022
Cash at investment managers	US\$	19,590,122	29,176,579
Cash at banks – savings and current accounts		17,733,557	7,472,815
Certificate of deposit		1,009,648	6,276,872
Cash on hand		5,693	4,800
	US\$	38,339,020	42,931,066

The US\$19,590,122 cash held with investment managers at March 31, 2023 (2022: US\$29,176,579) was classified per NIB's Investment Policy Statement (IPS) (note 24(c)(ii)) as follows:

		2023	2022
Non U.S. equities	US\$	1,973,857	12,521,430
Hedge funds		757,257	8,956,395
Fixed income		7,563,103	3,766,780
U.S. equities			
Large cap value		4,940,217	1,284,792
Large cap growth		1,109,983	791,277
Mid cap growth		117,724	125,995
Small cap core		789,149	267,697
Convertibles		2,338,832	1,462,213
	US\$	19,590,122	29,176,579

During the year, cash held with investment managers earned interest at an average annual rate of 1.05% (2022: 0.02%).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

5. Cash and cash equivalents, continued

The US\$17,733,557 cash at banks – savings and current accounts at March 31, 2023 (2022: US\$7,472,815) was held as follows:

	2023	2022
FirstCaribbean International Bank (Bahamas) Limited (FCIB)		
Interest bearing account	US\$ 14,897,091	3,532,371
Non-interest bearing account	494,750	707,701
Scotiabank (Turks and Caicos) Ltd. (Scotiabank)		
Interest bearing account	2,273,310	2,270,760
Non-interest bearing account	68,406	961,496
RBC Royal Bank (Bahamas) Limited (RBC)		
Non-interest bearing account	–	487
	US\$ 17,733,557	7,472,815

During the year, interest bearing accounts with FCIB and Scotiabank earned interest at rates of 0.10% to 0.42% (2022: 0.10% to 0.42%).

The US\$1,009,648 certificate of deposit at March 31, 2023 (2022: US\$6,276,872) was held with Turks and Caicos Banking Company Limited (TCBC), earned interest at an effective rate of 3.25% (2022: 0.50%) per annum and matured on June 13, 2023 (2022: June 10, 2022).

6. Contributions and other receivables

	2023	2022
Contributions receivable	US\$ 7,326,710	4,739,154
Other receivables – net	1,028,791	709,849
	8,355,501	5,449,003
Loss allowance on contributions receivable	(1,251,115)	(975,724)
	US\$ 7,104,386	4,473,279

The movement on loss allowance on contributions receivable during the year ended was as follows:

	2023	2022
At April 1	US\$ 975,724	867,966
Impairment loss recognised (note 20)	593,124	230,232
Contributions receivable written-off	(317,733)	(122,474)
At March 31	US\$ 1,251,115	975,724

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

6. Contributions and other receivables, continued

The US\$1,028,791 other receivables – net at March 31, 2023 (2022: US\$709,849) comprised the following:

		2023	2022
Surcharges receivable – net of loss allowance of US\$275,026 (2022: US\$77,335)	US\$	448,334	151,102
Miscellaneous receivables – net of loss allowance of US\$70,463 (2022: US\$67,930)		236,205	235,930
Interest receivable – net of loss allowance of US\$56,695 (2022: US\$59,714)		344,252	322,817
	US\$	1,028,791	709,849

(a) Surcharges receivable

The movement on gross surcharges receivable during the year ended was as follows:

		2023	2022
At April 1	US\$	228,437	–
Surcharges recognised during the year		987,045	581,323
Collections during year		(492,122)	(352,886)
At March 31	US\$	723,360	228,437

The movement on loss allowance on surcharges receivable during the year ended was as follows:

		2023	2022
At April 1	US\$	77,335	–
Impairment loss on surcharges receivable (note 20)		197,691	77,335
At March 31	US\$	275,026	77,335

(b) Miscellaneous receivables

The US\$236,205 miscellaneous receivables – net at March 31, 2023 (2022: US\$235,930) comprised the following:

		2023	2022
Dishonoured contributors' payments	US\$	236,264	230,141
Receivable from NIB employees and others		70,404	73,719
Loss allowance		(70,463)	(67,930)
At March 31	US\$	236,205	235,930

The movement on loss allowance on other receivables during the year ended March 31, 2023 was a loss of US\$2,533 (2022: US\$1,458).

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

7. Short-term investments

NIB's short-term investments at March 31, 2023 and 2022 represented certificates of deposit with Scotiabank, British Caribbean Bank Limited (BCB), Bordier Bank (TCI) Ltd. (Bordier) and TCBC with a maturity period of more than three months, but less than one year from date of acquisition:

2023				
	Principal Amount	Maturity value	Interest rate per annum	Maturity date
	US\$	US\$		
Scotiabank	2,308,000	2,373,596	4.53%	September 12, 2023
BCB	4,071,136	4,158,974	4.28%	August 23, 2023
Bordier	3,551,720	3,586,954	5.01%	July 17, 2023
	9,930,856	10,119,524		
2022				
	Principal Amount	Maturity value	Interest rate per annum	Maturity date
	US\$	US\$		
BCB	4,041,782	4,055,812	0.70%	July 22, 2023
Bordier	500,000	502,000	0.40%	June 7, 2023
	4,541,782	4,557,812		

Short-term investments at March 31, 2023 and 2022 were classified per NIB's IPS (note 24(c)(ii)) as fixed income investments.

8. Financial assets measured at FVOCI

Financial assets measured at FVOCI at March 31, 2023 and 2022 can be analysed as follows:

	Cost		Fair Value	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Equity securities	325,573,984	300,854,687	341,709,235	344,643,718
Government debt securities	49,883,566	46,616,888	46,716,169	46,111,276
Corporate debt securities	10,014,517	11,303,861	8,933,374	10,119,026
	385,472,067	358,775,436	397,358,778	400,874,020

During the year, certain equity securities earned dividends with average rates of return of 0.58% to 9.42% (2022: 0.48% to 9.67%) while government and corporate debt securities earned interest at rates of 0.22% to 2.91% (2022: 0.92% to 2.43%) with coupon rates ranging from 0.125% to 8.60% (2022: 0.125% to 8.00%).

Government and corporate debt securities have remaining maturity periods ranging from 1 to 39 years (2022: 1 to 30 years) as at the reporting date.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

8. Financial assets measured at FVOCI, continued

The US\$397,358,778 financial assets measured at FVOCI at March 31, 2023 (2022: US\$400,874,020) were managed by UBS Financial Services Inc. (UBS) and its various investment managers.

Financial assets measured at FVOCI at March 31, 2023 and 2022 were classified per NIB's IPS (note 24(c)(ii)) as follows:

		2023	2022
Non U.S. equities	US\$	89,318,098	82,114,565
Fixed income		54,882,091	54,734,049
Hedge Funds		57,487,852	52,918,376
U.S. equities			
Large cap value		50,054,688	54,576,600
Large cap growth		42,450,505	52,491,472
Mid cap growth		11,106,820	12,210,670
Small cap core		10,458,099	9,673,086
Convertibles		15,197,990	16,895,195
Private equity		63,287,448	56,700,861
Commodities		3,115,187	8,559,146
	US\$	397,358,778	400,874,020

A total of US\$767,452 corporate debt securities in financial assets measured at FVOCI at March 31, 2023 (2022: US\$1,496,253) were classified as convertibles per NIB's IPS.

9. Long-term receivable

On July 1, 2016, FortisTCI Limited (Fortis) issued a US\$5,000,000 unsecured bond (Fortis Bond) to NIB with a coupon rate of 5.14% per annum and a maturity date of July 1, 2031. The Fortis Bond is repayable in full on July 1, 2031 and interest is payable every quarter of each calendar year (January 1, April 1, July 1 and October 1). Fortis can redeem, in whole or in part, the Fortis Bond at any time prior to June 30, 2026 at a price agreed with NIB.

During the year NIB earned US\$257,000 (2022: US\$257,000) of interest on the Fortis Bond which was included as part of interest and other income in the statement of income, expenses and reserves.

Long-term receivable of US\$5,000,000 from Fortis at March 31, 2023 and 2022 was classified per NIB's IPS (note 24(c)(ii)) as fixed income investments.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

10. Property and equipment

	Land and Buildings	Furniture & Fixtures	Computer Equipment	Motor Vehicles	Total
	US\$	US\$	US\$	US\$	US\$
Cost:					
April 1, 2021	5,364,096	721,425	1,512,876	289,487	7,887,884
Additions	16,161	57,897	28,259	–	102,317
Write-offs	(83,187)	–	–	–	(83,187)
March 31, 2022	5,297,070	779,322	1,541,135	289,487	7,907,014
April 1, 2022	5,297,070	779,322	1,541,135	289,487	7,907,014
Additions	–	25,950	443,441	28,400	497,791
March 31, 2023	5,297,070	805,272	1,984,576	317,887	8,404,805
Accumulated depreciation:					
April 1, 2021	2,699,564	581,862	1,195,240	280,640	4,757,306
Charge for the year	213,696	20,946	169,068	8,847	412,557
Write-offs	(28,571)	–	–	–	(28,571)
March 31, 2022	2,884,689	602,808	1,364,308	289,487	5,141,292
April 1, 2022	2,884,689	602,808	1,364,308	289,487	5,141,292
Charge for the year	214,429	23,589	130,758	2,366	371,142
March 31, 2023	3,099,118	626,397	1,495,066	291,853	5,512,434
Carrying amounts:					
March 31, 2022	2,412,381	176,514	176,827	–	2,765,722
March 31, 2023	2,197,952	178,875	489,510	26,034	2,892,371

The cost of land included in land and buildings was US\$70,500 representing US\$500 for land transferred by TCIG to NIB in April 2003 and US\$70,000 for land leased for 999 years from TCIG from November 2012.

Included in land and buildings is the Hon. L. Headley Durham building located on Grand Turk and the aforementioned 999 year lease from TCIG on 0.56 acres of land where the building is located. NIB purchased the building from TCIG in November 2012. The original cost of the building was US\$1,257,808 plus incidentals of US\$15,070 while the total lease payment for the land for the entire 999 years was US\$70,000.

The cost of the building and the total payments for the leased land were paid in full by NIB in November 2012 as part of an Omnibus Agreement between NIB and TCIG.

During year ended March 31, 2023 property and equipment with a net book value of US\$nil (2022: US\$54,616) was written-off and included in general and administrative expenses in the statement of income, expenses and reserves (note 20).

No impairment losses were recognised during the years ended March 31, 2023 and 2022.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

11. Long-term deposits

		2023	2022
Current account	US\$	53,849	53,849
Certificates of deposit		17,298,642	17,298,642
		17,352,491	17,352,491
Less: first, second and third interim distributions			
Current account		(29,617)	(29,617)
Certificates of deposit		(9,514,253)	(9,514,253)
		(9,543,870)	(9,543,870)
Balance			
Current account		24,232	24,232
Certificates of deposit		7,784,389	7,784,389
		7,808,621	7,808,621
Less: change in fair value			
Current account		(20,450)	(21,540)
Certificates of deposit		(6,569,557)	(6,919,457)
		(6,590,007)	(6,940,997)
Carrying value			
Current account		3,782	2,692
Certificates of deposit		1,214,832	864,932
	US\$	1,218,614	867,624

The carrying value of long-term deposits at year-end were as follows:

		2023	2022
Current account	US\$	3,782	2,692
Certificates of deposit		1,214,832	864,932
Total		1,218,614	867,624
Less: current portion		(1,218,614)	–
	US\$	–	867,624

All long-term deposits are held with TCI Bank. TCI Bank was placed into provisional liquidation on April 9, 2010 and liquidation on October 29, 2010. NIB's management determined a 38% (2022: 40%) reduction in fair value of NIB's deposits with TCI Bank was appropriate at March 31, 2023 and March 31, 2022, which equates to a US\$1,218,614 (2022: US\$867,624) carrying value for the deposits, representing NIB management's best estimate of an appropriate fair value adjustment in the circumstances.

On September 10, 2012 NIB received a first interim distribution of US\$3,511,002 from the liquidator of TCI Bank representing 20 cents on the dollar for NIB's current account (US\$10,770), certificates of deposit (US\$3,459,728) and interest receivable (US\$40,504) held with TCI Bank.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

11. Long-term deposits, continued

On May 20, 2015 NIB received a second interim distribution of US\$3,511,002 from the liquidator of TCI Bank representing 20 cents on the dollar for NIB's current account (US\$10,770), certificates of deposit (US\$3,459,728) and interest receivable (US\$40,504) held with TCI Bank.

On September 6, 2019 NIB received a third interim distribution of US\$2,633,780 from the liquidator of TCI Bank representing 15 cents on the dollar for NIB's current account (US\$8,077) and certificates of deposit (US\$2,594,797) and interest receivable (US\$30,906) held with TCI Bank.

Subsequent to the reporting date, on August 14, 2023 NIB received a fourth interim distribution of US\$1,229,097 from the liquidator of TCI Bank representing 7 cents on the dollar for NIB's current account (US\$3,782) and certificates of deposit (US\$1,214,832) totalling US\$1,218,614 and interest receivable (US\$10,483) included in other receivables-net (note 6) held with TCI Bank. At March 31, 2022 the estimated fourth interim distribution was US\$875,088 but the actual distribution recognised by NIB during the year ended March 31, 2023 was US\$1,229,097, an increase in carrying value of long-term deposits of US\$350,990 (2022: US\$867,624) and interest receivable of US\$3,019 (2022: US\$7,464) which resulted in an impairment recovery on assets with TCI Bank of US\$354,009 (2022: US\$875,088) for the year ended March 31, 2023.

12. Investment in TCI Bank Limited

At March 31, 2023 NIB owned 2,000,000 (2022: 2,000,000) ordinary shares in TCI Bank with an issued value of US\$2,000,000 (2022: US\$2,000,000), representing approximately 15.95% of the total issued ordinary shares of TCI Bank.

NIB was represented on the board of directors of TCI Bank.

As disclosed at note 11 to these financial statements NIB also held a current account and certificates of deposit with TCI Bank at March 31, 2023 and 2022.

The fair value of this investment at March 31, 2023 and 2022 has been assessed by NIB's management to be US\$nil as a consequence of TCI Bank entering provisional liquidation on April 9, 2010 and liquidation on October 29, 2010.

13. Accounts payable and accrued expenses

		2023	2022
Accounts payable	US\$	396,533	468,313
Accrued pension contribution for NIB employees		169,885	–
Other accrued expenses		126,887	200,126
Accrued short-term benefits		97,223	172,873
Accrued employment injury costs (note 16)		87,000	–
	US\$	877,528	841,312

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

13. Accounts payable and accrued expenses, continued

(a) TCIG Multi Employer Enhanced Pension Plan

On September 7, 2022 TCIG approved NIB's request to participate in the TCIG Multi Employer Enhanced Pension Plan (Pension Plan), effective April 1, 2022. In addition, NIB committed additional contributions of US\$980,994 for NIB's staff past service cost, excluding years of service for which employees would have already received pension contributions. These additional contributions will be paid by NIB to TCIG in three equal instalments beginning in the 2024 financial year.

A multi-employer plan is a defined contribution plan (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

During the year ended March 31, 2023 NIB recognised US\$169,885 due to the Pension Plan representing US\$79,950 and US\$89,935 contributions from NIB and certain employees of NIB, respectively.

The US\$79,950 contributions of NIB for the year ended March 31, 2023 were included in general and administrative expenses in the statement of income, expenses and reserves (note 20).

(b) Employment injury costs

Per the Ordinance, NIB is liable to the TCI National Health Insurance Board (NHIB) for the cost of medical services provided in connection with employment injuries.

At March 31, 2023 NIB included US\$87,000 of this cost in accounts payable and accrued expenses representing NIB's best estimate of its obligation for medical costs in connection with employment injuries as at that date.

NIB's obligation for medical costs in connection with employment injuries as at March 31, 2022 amounting to US\$99,000 was paid to NHIB in March 2022.

14. Provision for unemployment assistance benefit

In October 2020, the National Insurance (Amendment) Ordinance 2020 and National Insurance (Unemployment Assistance Benefit) Regulations 2020 ("the Regulations") were passed and approved by the House of Assembly and Governor of TCI, respectively, so as to provide a temporary Unemployment Assistance Benefit to insured persons who became unemployed or underemployed, as a direct result of the COVID pandemic.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

14. Provision for unemployment assistance benefit, continued

The Regulations were to continue in force for 12 months, from the date of commencement of the Regulations or until the exhaustion of the funds allocated to payment of the Unemployment Assistance Benefit, whichever came earlier.

The rate of Unemployment Assistance Benefit was not to exceed 50% of the average weekly insurable earnings of an insured person and the said average would not be less than US\$275 per week. The Unemployment Assistance Benefit was to be paid for eight weeks periodically or as a lump-sum, or until the allocated funds for the said benefit were exhausted.

NIB allocated approximately US\$4 million to cover the unemployment assistance benefit for the said period.

From November 1, 2020 to March 31, 2023, NIB had processed and paid 2,663 (2022: 2,663) claims of unemployment assistance benefits amounting to US\$3,901,303 (2022: US\$3,900,517). In 2022 NIB processed and paid claims of unemployment assistance benefits amounting to US\$3,091,829. The remaining provision for unemployment assistance benefit of US\$95,544 at March 31, 2023 (2022: US\$96,330) was recognised on the statement of financial position. The total estimated claims for the said benefits of US\$3,996,847 was recognised as unemployment assistance benefit expense (short-term benefit) in the statement of income, expenses and reserves for the year ended March 31, 2021.

15. Actuarial review

Actuarial present value of promised retirement benefits

For promised retirement benefits NIB has elected to apply IAS 26, as its accounting policy for these benefits, which requires the actuarial present value of promised retirement benefits to be recognised on the statement of financial position, in the notes to the financial statements or in an accompanying actuarial report. NIB has elected to disclose the actuarial present value of promised retirement benefits in the notes to these financial statements.

The 10th actuarial review of NIB was conducted by Trinity Consulting Ltd. (the Actuary) at March 31, 2022 and a report issued on August 17, 2022. The 9th actuarial review of NIB was conducted by the Actuary at March 31, 2019 and a report issued on July 25, 2019.

NIB provides retirement and other benefits to qualifying beneficiaries. A summary of these benefits is disclosed at note 3(e)(iv) to these financial statements.

NIB currently finances the reserves (the Fund) by considering expected cash inflows from contributors and cash outflows to beneficiaries over an extended period, alongside the assets that have accumulated to date from contributions exceeding benefit payments.

The actuarial present value of promised retirement benefits has been calculated on an accrued benefits basis using a current salary approach.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

15. Actuarial review, continued

Actuarial present value of promised retirement benefits, continued

Under this methodology the actuarial present value of promised retirement benefits at March 31, 2022, the date of NIB's latest actuarial review, was US\$787 million (March 31, 2019: US\$636 million).

The next actuarial review is scheduled to be conducted as at March 31, 2025.

The key assumptions and methods used in this actuarial calculation were as follows:

- Inflation – 2.1% per annum (2019: 2.1% per annum)
- Discount rate – 4.5% per annum (2019: 4.5% per annum)
- Average retirement age – 63 years old (2019: 65 years old)
- Mortality rate – United Nations rates for Latin America with adjustments for the TCI experience (2019: United Nations rates for Latin America with adjustments for the TCI experience).

The calculation of the actuarial present value of promised retirement benefits is sensitive to the key assumptions and methods used.

The Fund had total reserves of US\$418 million at March 31, 2022 (2019: US\$282 million).

At March 31, 2022 there was therefore a shortfall of US\$369 million (2019: US\$354 million) between the total reserves of the Fund of US\$418 million (2019: US\$282 million) and the actuarial present value of promised retirement benefits of US\$787 million (2019: US\$636 million).

On May 30, 2023, the Board approved a new Funding Policy with an effective date of May 25, 2023. NIB adopted three funding methods for each of the three benefit branches. For more information on the new Funding Policy refer to note 27 to these financial statements.

All key assumptions remained the same for the actuarial present value of promised retirement benefits calculations at March 31, 2022 and at March 31, 2019 with the exception of the following:

- a) The assumed retirement age was reduced to age 63 from age 65. This change is a result of a provision enacted in August 2021 allowing insured persons as young as age 60 to collect a reduced (0.5% per month/6.0% per year prior to age 65) retirement pension while substantially employed. As a result, and based upon scheme specific data, insured persons started to retire earlier making it necessary to change the assumption. This change resulted in an increase in the actuarial present value of promised retirement benefits at March 31, 2022.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

15. Actuarial review, continued

Actuarial present value of promised retirement benefits, continued

- b) An additional change, effective April 1, 2022, occurred regarding the benefit accrual rate. The major change in the new benefit formula reduced the accrual rate to 20% from 30% for the first 500 weeks of average insurable earnings. For those aged 50 or older on April 1, 2022, the prior benefit formula still applies. This change resulted in a decrease in the actuarial present value of promised retirement benefits at March 31, 2022.

The actuarial review was prepared taking into account the changes to the aforementioned National Insurance Benefits Regulations on April 1, 2022 and the Contributions Regulations on April 1, 2022, April 1, 2023 and April 1, 2024 (note 3(e)(v)). If the average retirement age and promised retirement benefit accrual rates had remained consistent with those in 2019 then the actuarial present value of promised retirement benefits, assuming no salary increase, would have been US\$69 million or 8.33% higher at March 31, 2022. With the salary increase assumption, the actuarial present value of promised retirement benefits, would have been US\$34 million or 3.2% higher at March 31, 2022.

In addition, if the discount rate had decreased from 4.5% to 4% the actuarial present value of promised retirement benefits at March 31, 2022 would have increased by US\$71 million.

The actuarial present value of promised retirement benefits at March 31, 2022 and 2019 can be classified as follows:

		Vested	Unvested	Total
At March 31, 2022	US\$	288,700,000	498,500,000	787,200,000
At March 31, 2019	US\$	122,300,000	513,400,000	635,700,000

Vested benefits are benefits, the rights to which, under the conditions of National Insurance (Benefit) Regulations, are not conditional on continued employment.

Effective August 28, 2021 the conditions for promised retirement benefits to become vested are as follows:

- (a) An insured person other than a temporary resident employed person has attained the age of sixty years; and
- (b) The relevant insured person satisfies certain specified contribution conditions, specifically:
- I. not less than one hundred and fifty contributions (three years) have been paid by the insured person; and
 - II. not less than five hundred contributions (ten years), including those referred to above, have been paid by or credited to the insured person.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

15. Actuarial review, continued

Actuarial present value of promised retirement benefits, continued

Prior to August 28, 2021 the conditions for the promised retirement benefits to become vested were that an insured person other than a temporary resident had attained the age of sixty-five years, had retired from insurable employment or showed to the satisfaction of NIB that they were no longer substantially employed in insurable employment and had satisfied certain specified contribution conditions, specifically:

- I. not less than one hundred and fifty contributions (three years) had been paid by the insured person; and
- II. not less than five hundred contributions (ten years), including those referred to above, had been paid by or credited to the insured person.

The actuarial present value of provisions for long-term benefits, other than promised retirement benefits

The actuarial present value of provisions for long-term benefits, other than promised retirement benefits, was quantified by the Actuary at March 31, 2023, 2022 and 2021 and recognised in NIB's financial statements in accordance with IAS 37, as follows:

	Present value at reporting date	Change during the year
At March 31, 2023	US\$ 48,644,000	5,938,000
At March 31, 2022	US\$ 42,706,000	1,372,000
At March 31, 2021	US\$ 41,334,000	1,232,000

The change in present value of provisions for long-term benefits, other than promised retirement benefits, of US\$5,938,000 during the year ended March 31, 2023 (2022: US\$1,372,000) was recognised in the statement of income, expenses and reserves.

The details of the actuarial present value of provisions for long-term benefits, other than promised retirement benefits, at the reporting date by benefit branch was as follows:

	2023	2022	Change during the year
	US\$	US\$	US\$
<i>Long-term benefit branch</i>			
Invalidity pension	19,940,000	17,166,000	2,774,000
Survivors' benefit	18,735,000	17,500,000	1,235,000
Non-contributory old aged pension	3,099,000	2,939,000	160,000
	41,774,000	37,605,000	4,169,000
<i>Employment injury benefit branch</i>			
Employment injury benefit	6,870,000	5,101,000	1,769,000
Total	48,644,000	42,706,000	5,938,000

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

15. Actuarial review, continued

The actuarial present value of provisions for long-term benefits, other than promised retirement benefits, continued

	2022	2021	Change during the year
	US\$	US\$	US\$
<i>Long-term benefit branch</i>			
Invalidity pension	17,166,000	15,453,000	1,713,000
Survivors' benefit	17,500,000	17,177,000	323,000
Non-contributory old aged pension	2,939,000	3,108,000	(169,000)
	37,605,000	35,738,000	1,867,000
<i>Employment injury benefit branch</i>			
Employment injury benefit	5,101,000	5,596,000	(495,000)
Total	42,706,000	41,334,000	1,372,000

The key assumptions and methods used in this calculation of present value of other long-term benefits for 2023 and 2022 were as follows:

- Inflation – 2.1% per annum (2022: 2.1% per annum)
- Discount rate – 4.5% per annum (2022: 4.5% per annum)
- For invalidity pensions NIB is liable for insured persons who are invalid and less than sixty years of age.
- For widows/widowers pension – assume to be paid for life (2022: assume to be paid for life)
- For orphan pension – assume to be paid until age of 21 (2022: assume to be paid until age of 21)
- For employment injuries NIB is liable for the period the insured person is incapacitated.

16. Reserves

Under the Regulations NIB is required to maintain three specific reserves on the following basis:

- A Long-Term Benefit Reserve the minimum level of which shall be equivalent to the expenditure for benefits under the Long-Term Benefit Branch during the three previous financial years.
- A Short-term Benefit Reserve the minimum level of which shall be equivalent to one-fourth of the expenditure for benefits under the Short-Term Benefit Branch during the two previous financial years.
- An Employment Injury Benefit Reserve which shall be constituted to finance injury benefit, disablement grant, death grant and medical care by transferring thereto annually as much of the excess of income over expenses of the Employment Injury Benefit Branch as is needed to maintain the level of the Employment Injury Benefit Reserve at one-half of the amount paid for the said benefits in the two previous financial years. The Disablement and Death Benefit Reserve has no such minimum requirement.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

16. Reserves, continued

The Employment Injury Benefit Reserve at March 31, 2023 and 2022 was determined as follows:

		Paid benefits		Reserve required at
		2023	2022	March 31, 2023
Injury benefit paid	US\$	65,878	170,060	117,969
Medical care		–	7,506	3,753
Accrued employment injury costs (note 13)		87,000	–	43,500
	US\$	152,878	177,566	165,222

		Paid benefits		Reserve required at
		2022	2021	March 31, 2022
Injury benefit paid	US\$	170,060	87,008	128,534
Medical care		7,506	10,073	8,790
	US\$	177,566	97,081	137,324

At March 31, 2023 NIB management included accrued employment injury costs of US\$87,000 in the Employment Injury Benefits Reserve as these were the expected amounts that would ultimately be paid from this reserve.

During the year ended March 31, 2023 US\$27,898 was transferred from the Disablement and Death Benefit Reserve to the Employment Injury Benefit Reserve (2022: US\$131,338 transferred to the Disablement and Death Benefit Reserve from the Employment Injury Benefit Reserve) so as to maintain the required reserve for Employment Injury Benefit at March 31, 2023 and March 31, 2022.

There was no change to NIB's management of capital during the years ended March 31, 2023 and 2022.

NIB has complied with the above regulatory imposed capital requirements at the year-end.

NIB is not subject to any externally imposed capital requirements.

17. Income from, and net realised gains on, financial assets measured at FVOCI

		2023	2022
Dividend income and interest income from equity securities at FVOCI	US\$	8,687,844	14,236,653
Interest income and realised (losses)/gains from debt securities at FVOCI		(394,899)	2,546,370
	US\$	8,292,945	16,783,023

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

18. Interest and other income

		2023	2022
Interest income from long-term receivable	US\$	257,000	257,000
Interest income from savings and current accounts		243,660	217,440
		500,660	474,440
Rental income (note 23)		128,000	128,000
Other income		78,163	231,681
	US\$	706,823	834,121

Rental income of US\$128,000 (2022: US\$128,000) was received from TCIG and relates to the rental of office space included in property and equipment.

19. Benefits

		2023	2022
Long-term benefits			
Retirement pension benefit	US\$	20,701,568	16,455,974
Survivors benefit		1,781,415	1,738,732
Invalidity pension		1,359,830	1,279,564
Old age non contributory		532,709	612,690
Funeral grant		283,985	232,860
Retirement grant		194,482	176,972
Survivors grant		7,644	6,099
		24,861,633	20,502,891
Short-term benefits			
Sickness benefit		1,355,449	1,256,475
Maternity allowance		1,198,526	792,607
Maternity grant		203,480	160,201
		2,757,455	2,209,283
Employment injury benefits/disablement and death benefits			
Disablement benefit		433,066	419,019
Injury benefit		152,878	170,060
Death benefit		49,959	48,906
Constant attendance allowance		13,650	7,800
Medical Care		-	7,506
		649,553	653,291
	US\$	28,268,641	23,365,465

Refer to note 15 for additional information on long-term benefits.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

20. General and administrative expenses

		2023	2022
Salaries and wages	US\$	3,264,333	3,124,361
Impairment loss on contributions receivable (note 6)		593,124	230,232
Depreciation of property and equipment (note 10)		371,142	412,557
Impairment loss on surcharges receivable (note 6)		197,691	77,335
Rent and utilities		188,141	168,343
Communications		179,073	179,480
Maintenance expenses		178,573	163,812
Professional fees		177,044	265,618
Security		131,485	155,622
Insurance		129,363	110,759
Board of directors fees and committee allowances		119,625	131,011
Computer services		107,675	179,233
Vehicle and other expenses		107,090	18,226
Travel and subsistence		96,610	56,473
Employee allowances		84,802	43,457
Employer's pension contribution for NIB employees (note 13(a))		79,950	–
Office supplies, stationery and postage		64,945	164,990
Bank charges		54,058	41,765
Anniversary celebration		42,996	–
Advertising		41,699	75,494
Meeting and entertainment		25,231	35,102
Subscription and membership fees		16,364	40,874
Impairment loss on other receivables (note 6)		2,533	1,458
Legal settlement		–	65,000
Property and equipment written-off (note 10)		–	54,616
	US\$	6,253,547	5,795,818

21. Investment expenses

		2023	2022
Brokers' fees on financial assets			
measured at FVOCI	US\$	2,124,936	2,550,610
Other investment expenses		42,660	30,000
	US\$	2,167,596	2,580,610

NIB and UBS agreed on a wrap fee of 0.64% per annum on assets under management or equities, fixed income, and convertibles once US\$170 million in assets under management was attained. Total fees paid for the year ended March 31, 2023 was US\$2.1 million. Of the total fees US\$450K represented placement fees for hedge fund and private equity capital commitments and the remainder of approximately US\$1.7 million were wrap fees based on assets under management of approximately US\$270 million.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

22. Net change in fair value of financial assets measured at FVOCI

The US\$(30,211,873) net change in fair value of financial assets measured at FVOCI included in NIB's reserves at March 31, 2023 (2022: US\$(35,893,049)) can be analysed as follows:

		Unrealised changes in fair value at March 31		Movement
		2023	2022	2023
<i>Financial assets measured at FVOCI</i>				
Equity securities	US\$	16,135,251	43,789,031	(27,653,780)
Government debt securities		(3,167,397)	(505,612)	(2,661,785)
Corporate debt securities		(1,081,143)	(1,184,835)	103,692
	US\$	11,886,711	42,098,584	(30,211,873)
<i>Financial assets measured at FVOCI</i>				
		Unrealised changes in fair value at March 31		Movement
		2022	2021	2022
<i>Financial assets measured at FVOCI</i>				
Equity securities	US\$	43,789,031	76,829,773	(33,040,742)
Government debt securities		(505,612)	637,952	(1,143,564)
Corporate debt securities		(1,184,835)	523,908	(1,708,743)
	US\$	42,098,584	77,991,633	(35,893,049)

23. Related party balances and transactions

The following are transactions and balances with NHIB, TCI Bank and TCIG, related parties by virtue of significant influence and common directors, transactions with key management personnel and contributions from other significant statutory bodies, which are not separately disclosed elsewhere in these financial statements.

		2023	2022
TCI Bank balances			
Long-term deposits (gross of change in fair value)	US\$	7,808,621	7,808,621
Reduction in fair value of assets held with TCI Bank	US\$	(6,646,702)	(7,000,711)
Investment (before change in fair value)	US\$	2,000,000	2,000,000
Reduction in fair value of investment	US\$	(2,000,000)	(2,000,000)
Interest receivable (gross of change in fair value)	US\$	67,178	67,178
TCIG and related entities transactions			
Collection of contributions (Employer and employees' contributions)	US\$	7,809,587	6,001,827
Contributions – private sector (Employer and employees' contributions)	US\$	5,207,165	4,035,340
Contributions – civil servants	US\$	2,602,422	1,966,487

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

23. Related party balances and transactions, continued

		2023	2022
TCIG and related entities transactions, continued			
NIB's payment of NIB contributions	US\$	218,039	161,371
NIB's payment of NHIB contributions	US\$	177,630	148,082
Pension contributions (note 13(a))	US\$	169,885	–
Payment to National Audit Office	US\$	146,625	137,750
Rental income	US\$	128,000	128,000
Employment injury costs	US\$	87,000	99,000
Payment of employment injury costs to NHIB	US\$	–	194,000
Collections of contributions from significant TCIG statutory bodies:			
- TCI Airports Authority	US\$	1,257,976	573,691
- TCI Financial Services Commission	US\$	260,513	182,888
- TCI Ports Authority	US\$	191,710	81,277
- TCI NHIB	US\$	147,185	135,411
- TCI Tourist Board	US\$	69,160	45,268
TCIG and related entities balances			
Accrued pension contribution (note 13 (a))	US\$	169,885	–
Accrued NHIB employment injury costs (note 13 (b))	US\$	87,000	–
Outstanding contributions from significant TCIG statutory bodies:			
- TCI Airports Authority	US\$	119,953	66,292
- TCI Financial Services Commission	US\$	22,675	16,298
- TCI Ports Authority	US\$	15,240	24,105
- TCI NHIB	US\$	28,720	9,974
- TCI Tourist Board	US\$	5,964	4,577

Per the Ordinance, contributions from TCIG of US\$2,602,422 (2022: US\$1,966,487) comprise contributions relating to TCIG officers only and these are reflected in the statement of income, expenses and reserves as contributions from civil servants. Contributions for TCIG employees are charged at the same rates as the private sector and, on this basis, have been included within the private sector contributions in the statement of income, expenses and reserves and for the purpose of allocating contributions amongst branches.

		2023	2022
Key management personnel compensation			
Salary of the director and the deputy director	US\$	223,332	213,154
Allowances of the board of directors	US\$	77,603	85,400
Other benefits of the director and the deputy director	US\$	56,123	42,479

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

23. Related party balances and transactions, continued

The Chairman of the Board receives US\$1,500 and a US\$100 telephone allowance every month and members of the Board not employed by TCIG receive US\$1,000 and a US\$100 telephone allowance every month. NIB had seven Board members during the year ended March 31, 2023 (2022: seven) and the Board met 15 times during the year ended March 31, 2023 (2022: 16).

Directors, key management personnel and other staff members of NIB are eligible to receive both short-term and long-term benefits from NIB as prescribed under the Ordinance.

24. Financial instruments

NIB has exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about NIB's exposure to each of the above risks, NIB's objectives, policies and processes for measuring and managing risk, and NIB's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Minister with responsibility for NIB (the Minister) appoints the Directors. The Directors have full discretionary power to direct, manage, allocate and rebalance or liquidate NIB's investments in compliance with the terms of the IPS. The Directors established the IPS which communicates the investment philosophy of the Directors regarding NIB's investments. The IPS creates a general framework within which the investment assets of NIB can be managed. The IPS envisages a rebalancing exercise at least semi-annually to keep asset allocations within recommended ranges. The IPS was most recently revised in May 2020. NIB kept its asset allocation, with the exception of commodities, within ranges recommended by the IPS at March 31, 2023 and March 31, 2022. Commodities are still allowable as an alternative investment strategy under the revised IPS.

The Directors may appoint such person(s) as necessary to achieve NIB's investment objectives. The pursuit of these objectives also involves assuming responsibility for the establishment and oversight of NIB's risk management framework and for developing and monitoring NIB's risk management policies.

NIB's risk management policies are established to identify and analyse the risks faced by NIB, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and NIB's activities.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

Risk management framework, continued

The Directors appoint an Investment Committee and designate its Chairman who is a Director. The Directors also appoint an Investment Manager who has responsibility for the day to day management of NIB's assets.

NIB's investment portfolio is comprised of mainly quoted equity securities and debt securities, long-term receivable and deposits.

(a) *Credit risk*

Credit risk is the risk that a contributor or counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with NIB, resulting in a financial loss to NIB.

Credit risk is monitored on a regular basis by the Investment Committee.

NIB management are of the opinion that NIB's policies governing delinquent accounts and loss allowance/fair value adjustments ensure that these financial statements accurately reflect any credit risk associated with amounts due from contributors and other debtors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2023	2022
Current assets:		
Cash and cash equivalents	US\$ 38,339,020	42,931,066
Contributions and other receivables	7,104,386	4,473,279
Short-term investments	9,930,856	4,541,782
Current portion of long-term deposits	1,218,614	–
	56,592,876	51,946,127
Non-current assets:		
Financial assets measured at FVOCI	397,358,778	400,874,020
Long-term receivable	5,000,000	5,000,000
Long-term deposits	–	867,624
	402,358,778	406,741,644
	US\$ 458,951,654	458,687,771

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable

At the reporting date the exposure to credit risk for contributions receivable, excluding surcharges, by type of counterparty and by type of contribution risk accepted, was as follows:

		2023		
		Gross	Loss allowance	Carrying Amount
Private employers				
Tourism related	US\$	2,897,329	(89,967)	2,807,362
Wholesale and retail		591,164	(48,807)	542,357
Construction		457,224	(117,023)	340,201
Others		2,852,649	(684,353)	2,168,296
Self-employed		528,344	(310,965)	217,379
	US\$	7,326,710	(1,251,115)	6,075,595

		2022		
		Gross	Loss allowance	Carrying Amount
Private employers				
Tourism related	US\$	2,354,983	(81,191)	2,273,792
Wholesale and retail		416,785	(39,443)	377,342
Construction		284,803	(76,210)	208,593
Others		1,273,484	(520,208)	753,276
Self-employed		409,099	(258,672)	150,427
	US\$	4,739,154	(975,724)	3,763,430

At the reporting date the exposure to credit risk for contributions receivable, by geographical location, was as follows:

		2023		
		Gross	Loss allowance	Carrying Amount
Providenciales	US\$	6,285,825	(1,039,732)	5,246,093
Grand Turk		848,982	(183,935)	665,047
North Caicos		128,813	(13,080)	115,733
South Caicos		32,344	(12,195)	20,149
Middle Caicos		1,880	(328)	1,552
Other islands		28,866	(1,845)	27,021
	US\$	7,326,710	(1,251,115)	6,075,595

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

		2022		Carrying Amount
		Gross	Loss allowance	
Providenciales	US\$	3,905,237	(787,482)	3,117,755
Grand Turk		676,284	(166,270)	510,014
North Caicos		109,833	(9,016)	100,817
South Caicos		30,426	(11,389)	19,037
Middle Caicos		1,363	(223)	1,140
Other islands		16,011	(1,344)	14,667
	US\$	4,739,154	(975,724)	3,763,430

NIB's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain transactions NIB mitigates this risk by conducting settlements through a compliance officer to ensure that a contribution is settled only when both parties have fulfilled their contractual settlement obligations.

The aging of contributions receivable, excluding surcharges, at the reporting date, by type of counterparty, was as follows:

		2023		2022	
		Gross	Loss allowance	Gross	Loss allowance
<i>Private employers</i>					
<i>Past due</i>					
Not later than one month	US\$	236,382	(26,356)	149,243	(27,409)
Later than one month but not later than two months		176,328	(48,871)	69,020	(35,191)
Later than two months		1,934,690	(738,251)	1,093,428	(578,398)
Outstanding but not past due		4,450,966	(126,672)	3,018,364	(76,054)
		6,798,366	(940,150)	4,330,055	(717,052)
<i>Self-employed</i>					
<i>Past due</i>					
Not later than one month		31,632	(5,441)	23,646	(4,422)
Later than one month but not later than two months		32,754	(11,258)	24,794	(9,237)
Later than two months		377,697	(286,503)	289,844	(238,640)
Outstanding but not past due		86,261	(7,763)	70,815	(6,373)
		528,344	(310,965)	409,099	(258,672)
	US\$	7,326,710	(1,251,115)	4,739,154	(975,724)

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

The movement in the loss allowance in respect of contributions receivable during the year is disclosed at note 6 to these financial statements.

NIB's exposure to credit risk is influenced mainly by the default risk associated with the industry and location in which contributors operate. In monitoring contributors' credit risk, contributors are grouped according to their credit characteristics, including whether they are tourism related, wholesale or retail, construction and others.

A loss allowance is made against outstanding contributions receivable on the following percentage basis of the amounts in each of the following categories (combined weighted-average loss rate for private employers and self-employed):

	2023	2022
Outstanding but not past due	3%	3%
Past due:		
Not later than one month	12%	18%
Later than one month but not later than two months	29%	47%
Later than two months	44%	59%

At the reporting date NIB used an allowance matrix to measure the ECLs of contributions receivable and surcharges.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposure in different segments based on type of industry.

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by certain factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and NIB's view of economic conditions over the expected lives of the receivables.

38% (2022: 34%) of surcharges receivable that were past due at March 31, 2023 were provided for.

35% (2022: 35%) of contributions receivable with pending legal matters that were past due for more than 90 days at March 31, 2023 were provided for.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(a) Credit risk, continued

Contributions receivable, continued

The loss allowance at the reporting date reflected estimates of losses arising from the failure or inability of NIB's contributors to make required payments. The allowance was based on the aging of contributor accounts, type of counterparty/contributor, economic conditions and NIB's historical write-off experience. Changes to the loss allowance may be required if the financial condition of contributors improved or deteriorated. An improvement in financial conditions might have resulted in lower actual write-offs. Historically, changes to the estimate of losses were not material to NIB's financial position and results of operations.

Debt securities at FVOCI

NIB's debt securities at FVOCI are only allowed with counterparties that have a credit rating that is acceptable to the Investment Committee and meets the IPS requirements. Given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the reporting date no loss allowance was recognised on debt securities at FVOCI.

NIB considers that its debt securities at FVOCI have a low credit risk based on the external credit ratings of the counterparties.

Other financial assets

At the reporting date, NIB held financial assets with the following TCI entities:

	2023	2022
FCIB		
Cash at banks – savings and current accounts	US\$ 15,391,841	4,240,072
Scotiabank		
Cash at banks – savings and current accounts	2,341,716	3,232,256
Short-term investments	2,308,000	–
RBC		
Cash at banks – savings and current accounts	–	487
TCBC		
Certificate of deposit	1,009,648	6,276,872
BCB		
Short-term investments	4,071,136	4,041,782
Bordier		
Short-term investments	3,551,720	500,000
Fortis		
Fortis bonds	5,000,000	5,000,000
TCI Bank (gross of change in fair value)	7,875,799	7,875,799
	US\$ 41,549,860	31,167,268

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(a) Credit risk, continued

Other financial assets, continued

Cash and cash equivalents and short-term investments are placed with counterparties that are TCI regulated entities. Management does not expect the counterparties to fail to meet their obligations.

The following summarises financial assets held with TCI Bank at March 31, 2023 and 2022 including those deemed to have suffered a reduction in fair value:

		2023		2022	
		Gross	Reduction in fair value	Gross	Reduction in fair value
Interest receivables	US\$	67,178	56,695	67,178	59,714
Long-term deposits		7,808,621	6,590,007	7,808,621	6,940,997
	US\$	7,875,799	6,646,702	7,875,799	7,000,711

(b) Liquidity risk

Liquidity risk is the risk that NIB will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to NIB.

NIB's policy for managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated payments of benefits, as and when due, without incurring undue losses or risking damage to NIB's reputation.

NIB's financial assets include a long-term receivable which is generally illiquid.

In addition, NIB's deposits with TCI Bank are now subject to restrictions over their future redemption.

NIB also holds equity security investments which are subject to certain restrictions (note 25).

Consequently, NIB may not be able to liquidate some of its investments in these instruments quickly in order to meet its liquidity requirements.

NIB's U.S. equity securities are considered to be readily realisable as they are listed on United States stock exchanges.

NIB's overall liquidity risks are monitored on a regular basis by the Investment Committee.

At the reporting date there were no significant concentrations of liquidity risk. NIB ensures that it has sufficient liquid financial assets comprising cash and cash equivalents and short-term investments to meet its current financial liabilities.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(b) Liquidity risk, continued

NIB's management believe the placing of TCI Bank into liquidation has not affected its ability to meet its current financial liabilities.

The following are the contractual maturities of non-derivative financial instruments, including estimated interest payments and the impact of netting agreements:

	2023					
	Carrying Amount	Contractual cash flows	Under 1 year	1-2 years	2-4 years	More than 4 years
	US\$	US\$	US\$	US\$	US\$	US\$
Cash and cash equivalents	38,339,020	38,347,290	38,347,290	–	–	–
Contributions and other receivables	7,104,386	7,104,386	7,104,386	–	–	–
Short-term investments	9,930,856	10,119,524	10,119,524	–	–	–
Financial assets measured at FVOCI	397,358,778	447,557,026	9,560,333	346,846,386	12,329,495	78,820,812
Long-term receivable	5,000,000	7,441,500	257,000	257,000	514,000	6,413,500
Long term deposit	1,218,614	1,218,614	1,218,614	–	–	–
Accounts payable and accrued expenses	(877,528)	(877,528)	(877,528)	–	–	–
	458,074,126	510,910,812	65,729,619	347,103,386	12,843,495	85,234,312

	2022					
	Carrying Amount	Contractual cash flows	Under 1 year	1-2 years	2-4 years	More than 4 years
	US\$	US\$	US\$	US\$	US\$	US\$
Cash and cash equivalents	42,931,066	42,946,653	42,946,653	–	–	–
Contributions and other receivables	4,473,279	4,473,279	4,473,279	–	–	–
Short-term investments	4,541,782	4,557,812	4,557,812	–	–	–
Financial assets measured at FVOCI	400,874,020	449,240,605	5,209,386	353,528,020	12,199,743	78,303,456
Long-term receivable	5,000,000	7,698,500	257,000	257,000	514,000	6,670,500
Long term deposit	867,624	867,624	–	867,624	–	–
Accounts payable and accrued expenses	(841,312)	(841,312)	(841,312)	–	–	–
	457,846,459	508,943,161	56,602,818	354,652,644	12,713,743	84,973,956

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect NIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

NIB's strategy for the management of market risk is driven by NIB's investment objectives as reflected in its IPS.

NIB's market risk is managed on a regular basis by the Investment Committee.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) Market risk, continued

Per the IPS NIB may not invest in margin transactions, acquisition of shares that would permit the portfolio to exercise control over the issuer, uncovered speculative positions and direct investments in physical commodities. In addition NIB may not invest in futures contracts and options and derivative investments without the specific approval of the Investment Committee.

(i) Interest rate risk

NIB's operations are subject to the risk of interest rate fluctuation to the extent that interest-earning assets mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with NIB's strategies.

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

Cash flow sensitivity analysis for fixed rate instruments

	2023	2022
Fixed rate instruments:		
Financial assets		
Certificate of deposit	US\$ 1,009,648	6,276,872
Short-term investments	9,930,856	4,541,782
Financial assets measured at FVOCI	55,649,543	56,230,302
Long-term receivable	5,000,000	5,000,000
Financial liabilities	–	–
	US\$ 71,590,047	72,048,956

A change of 100 basis points in interest rates for fixed rate instruments at the reporting date would have increased/(decreased) loss in the statement of income, expense and reserves by US\$715,900/(US\$715,900) (2022: increased/(decreased) income by US\$720,490/(US\$720,490)) assuming all other variables remained constant.

While long-term deposits held at TCI Bank were interest bearing, following TCI Bank being placed into provisional liquidation on April 9, 2010, and liquidation on October 29, 2010, interest has ceased to accrue on these amounts and so they have therefore been excluded from the above analysis.

NIB's investment portfolio is permitted to utilise derivatives for hedging and income enhancing strategies. However, derivatives are not used to expressly employ leverage or other speculative strategies. Therefore, unless a specific type of security is allowed by the IPS, the Investment Manager must seek permission from the Investment Committee to invest in derivative instruments.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) Market risk, continued

(i) Interest rate risk, continued

Cash flow sensitivity analysis for variable rate instruments

	2023	2022
Variable rate instruments:		
Financial assets		
Cash and cash equivalents	US\$ 36,760,523	34,979,710
Financial liabilities	–	–
	US\$ 36,760,523	34,979,710

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) loss in the statement of income, expenses and reserves by US\$367,605/(US\$367,605) (2022: increased/(decreased) income by US\$349,797/(US\$349,797)) assuming all other variables remained constant.

NIB's interest rate risks are monitored on a regular basis by the Investment Committee and third party investment managers.

(ii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices other than those arising from interest rate risk, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

NIB's procedures require price risks to be monitored on a regular basis by the Investment Committee and third party investment managers.

NIB's policy over concentration of its investment portfolio profile, based on its current IPS, was as follows at March 31:

Asset Class	2023	2022
Cash and money market instruments	0–10%	0–10%
Non U.S. equities	5–30%	5–30%
Fixed income	10–40%	10–40%
Hedge Funds	5–20%	5–20%
U.S. equities		
Large cap value	6–15%	6–15%
Large cap growth	6–15%	6–15%
Mid cap growth	0– 5%	0– 5%
Small cap core	0– 5%	0– 5%
Convertibles	2– 8%	2– 8%
Private equity	5–20%	5–20%
Commodities	0%	0%

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) Market risk, continued

(ii) Price risk, continued

The following table sets out concentration of the investment portfolio held by NIB at March 31:

Asset Class According to IPS	2023	
	Amount	%
Cash and money market instruments	18,743,205	4.2%
Non U.S. equities	91,291,955	20.2%
Fixed income	77,376,050	17.2%
Hedge Funds	58,245,109	12.9%
U.S. equities		
Large cap value	54,994,905	12.2%
Large cap growth	43,560,488	9.7%
Mid cap growth	11,224,544	2.5%
Small cap core	11,247,248	2.5%
Convertibles	17,536,822	3.9%
Private equity	63,287,448	14.0%
Commodities	3,115,187	0.7%
	US\$ 450,622,961	100.0%

Asset Class According to IPS	2022	
	Amount	%
Cash and money market instruments	US\$ 13,749,687	3.0%
Non U.S. equities	94,635,995	20.9%
Fixed income	68,042,611	15.0%
Hedge Funds	61,874,771	13.7%
U.S. equities		
Large cap value	55,861,392	12.3%
Large cap growth	53,282,749	11.8%
Mid cap growth	12,336,665	2.7%
Small cap core	9,940,783	2.2%
Convertibles	18,357,408	4.0%
Private equity	56,700,861	12.5%
Commodities	8,559,146	1.9%
	US\$ 453,342,068	100.0%

NIB kept its asset allocation, with the exception of commodities, within ranges recommended by the IPS at March 31, 2023 and March 31, 2022. Commodities are still allowable as an alternative investment strategy under the IPS.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) Market risk, continued

(ii) Price risk, continued

The investment portfolio held by NIB at March 31, 2023 and March 31, 2022 was presented in these financial statements as follows:

		2023	2022
Cash and cash equivalents			
Cash at investment managers	US\$	19,590,122	29,176,579
Cash at banks – savings and current accounts		17,733,557	7,472,815
Certificate of deposit		1,009,648	6,276,872
Short-term investments		9,930,856	4,541,782
Financial assets measured at FVOCI		397,358,778	400,874,020
Long-term receivable		5,000,000	5,000,000
	US\$	450,622,961	453,342,068

Per the IPS cash held at investment managers is considered to be a component of financial assets measured at FVOCI.

Effective April 1, 2011 the long term deposits held with TCI Bank were written down to zero for IPS reporting purposes. The balance reported per the financial statements of US\$1,218,614, net of loss allowance, (note 11) at March 31, 2023 (2022: US\$867,624) has therefore been excluded from the above tables.

(iii) Fair value

The following table sets out the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include the fair value information for short-term financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Due to their short-term nature, the carrying amounts of certain of NIB's financial assets and liabilities approximate their fair value.

	Carrying Amount	2023		
		Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Financial assets measured at FVOCI:				
Equity securities	341,709,235	220,933,935	120,775,300	–
Government securities	46,716,169	–	46,716,169	–
Debt securities	8,933,374	–	8,933,374	–
Long-term receivable	5,000,000	–	–	5,000,000
	402,358,778	220,933,935	176,424,843	5,000,000

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) *Market risk, continued*

(iii) *Fair value, continued*

	2022			
	Carrying	Fair Value		
	Amount	Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Financial assets measured at FVOCI:				
Equity securities	344,643,718	235,024,481	109,619,237	–
Government securities	46,111,276	–	46,111,276	–
Debt securities	10,119,026	–	10,119,026	–
Long-term receivable	5,000,000	–	–	5,000,000
Long-term deposits	867,624	–	–	867,624
	406,741,644	235,024,481	165,849,539	5,867,624

Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of investment in private equity funds is determined using unadjusted net asset value (level 2 valuation). The unadjusted net asset value is used when the units in a fund are redeemable at the reportable net asset value at, or approximately at, the measurement date.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NIB's equity securities at FVOCI are listed on US and non-US stock exchanges. For such investments, a twenty percent increase in value at the reporting date would have decreased other comprehensive loss in the statement of income, expenses and reserves by US\$68,341,847 (2022: increased other comprehensive income by US\$68,928,744) and an equal change in the opposite direction would have increased other comprehensive loss in the statement of income, expenses and reserves by US\$68,341,847 (2022: decreased other comprehensive income by US\$68,928,744).

The method applied to determine the fair value of long-term receivable at the reporting date was a discounted cash flow model. This valuation model considers the present value of any expected payment, discounted using a risk-adjusted discount rate.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

24. Financial instruments, continued

(c) Market risk, continued

(iii) Fair value, continued

The value of NIB's investment holdings with TCI Bank has been reduced by management's best estimate following TCI Bank entering provisional liquidation and then liquidation. A 10% decrease in provision on the gross, non-secured, non-equity, balance would have increased the change in fair value and net income in the statement of income, expenses and reserves for the year by US\$1.75 million (2022: US\$1.75 million).

25. Commitments

a) Capital commitments

At the reporting date NIB had committed to invest in the following hedge funds and private equity funds:

	At March 31, 2023		
	Commitment	Net Contributions	Remaining Commitment
	US\$	US\$	US\$
Strategic Value Special Situations Feeder Fund III, L.P.	2,500,000	2,275,000	225,000
Portfolio Advisors Private Equity Fund 2015 (Offshore), L.P.	5,000,000	4,265,147	734,853
NB Strategic Co. – Investment Cayman Partners III L.P.	5,000,000	4,892,690	107,310
Portfolio Advisors Private Equity Fund 2017 (Offshore), L.P.	5,000,000	3,572,958	1,427,042
Pretium Residential Real Estate Fund II Offshore, L.P.	5,000,000	4,719,284	280,716
Madison International Real Estate Liquidity Fund VII (Intl), L.P.	5,000,000	4,335,785	664,215
Blackrock Private Opportunities Fund IV (Cayman), L.P.	5,000,000	4,199,863	800,137
Canyon Distressed Opportunity Fund III Clover Private Credit Opportunities Secondary II Feeder LP and Clover Private Credit Opportunities Origination II Feeder LP	5,000,000	3,600,908	1,399,092
AG CS Non-U.S. Holdings Fund II, L.P. Fund IV Ltd.	5,000,000	2,750,000	2,250,000
Portfolio Advisors Private Equity Fund 2022 (Offshore), L.P.	8,000,000	3,759,995	4,240,005
	50,500,000	38,371,630	12,128,370

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

25. Commitments, continued

a) Capital commitments, continued

	At March 31, 2022		
	Commitment	Net Contributions	Remaining Commitment
	US\$	US\$	US\$
Strategic Value Special Situations Feeder Fund III, L.P.	2,500,000	2,275,000	225,000
Portfolio Advisors Private Equity Fund 2015 (Offshore), L.P.	5,000,000	4,157,663	842,337
NB Strategic Co. – Investment Cayman Partners III L.P.	5,000,000	4,566,324	433,676
Portfolio Advisors Private Equity Fund 2017 (Offshore), L.P.	5,000,000	3,583,880	1,416,120
Pretium Residential Real Estate Fund II Offshore, L.P.	5,000,000	2,441,484	2,558,516
EnTrustPermal Special Opportunities Fund IV Ltd.	5,000,000	5,000,000	–
Madison International Real Estate Liquidity Fund VII (Intl), L.P.	5,000,000	4,335,785	664,215
Angelo Gordon Energy Credit Opportunities Offshore Holdings IV, L.P.	1,150,000	1,150,000	–
Blackrock Private Opportunities Fund IV (Cayman), L.P.	5,000,000	3,561,561	1,438,439
Canyon Distressed Opportunity Fund III	5,000,000	3,700,000	1,300,000
Clover Private Credit Opportunities Secondary II Feeder LP and Clover Private Credit Opportunities Origination II Feeder LP	5,000,000	3,031,945	1,968,055
Clover Private Credit Opportunities Secondary			
	48,650,000	37,803,642	10,846,358

The obligation to invest in each fund is irrevocable and can only be withdrawn or cancelled with the consent of certain partners in accordance with the terms and conditions stipulated in each partnership agreement. At March 31, 2023 NIB had a remaining total investment commitment of US\$12,128,370 (2022: US\$10,846,358).

b) Services Agreement

On May 13, 2022, NIB entered into a services agreement (the Agreement) with a third party contractor (the Contractor) to implement a new Enterprise Operations Management System, including annual software subscriptions, software purchase, software support, biometric hardware, Azure services, implementation services, training and related support. The total contractual amount of the Agreement is US\$1,449,007.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

25. Commitments, continued

b) Services Agreement, continued

The performance of the services was to commence within thirty days of execution of the Agreement and payment of the retainer by NIB to the Contractor. The Agreement may be terminated by NIB by providing two weeks' notice to the Contractor in accordance with the terms and conditions of the Agreement.

At March 31, 2023 the total amount paid to the Contractor related to the Agreement was US\$429,483.

26. Contingent liabilities

In the ordinary course of its activities NIB is a party to several legal actions. NIB is contingently liable for costs and damages in the event of any adverse finding by the TCI court (the Court) in relation to any of these legal actions. However, it is not possible to predict the decision of the Court or estimate the amount of such awards, if any. Accordingly, no provision has been made in these financial statements regarding these legal proceedings. Management is of the opinion that the resolution of these matters will not have a material impact on NIB's financial statements.

27. Subsequent events

a) NIB's Funding Policy

On May 30, 2023, the Board approved the first version of NIB's Funding Policy with an effective date of May 25, 2023. The purpose of the Funding Policy is to establish a framework for those responsible for the governance of NIB for the funding of NIB benefits in an orderly and structured manner to achieve defined objectives and to document the methods for meeting those objectives.

NIB adopted three funding methods for each of the three benefit branches. The Partially Funded Method is considered to be NIB's primary funding method as it will be adopted by the Long-Term Benefit Branch which dominates the Fund. The Pay-as-you-Go with a small reserve (PAYGwR) Method will be adopted by the Short-Term Benefit Branch and for certain benefits of the Employment Injury Branch. The Full Funded Method will be adopted by the Employment Injury Branch for long-term risks.

Under the Partially Funded Method:

- The income collected should be greater than the annual expenditure for a period of time such that the contribution rate remains constant during that period (referred to as the Period of Equilibrium) and with a commitment by the Board to increase the contribution rate in subsequent Periods of Equilibrium;
- The contribution rate must be set at a level such that the minimum reserve requirements are met and is greater than the PAYGwR rate during the years in the Period of Equilibrium; and

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

27. Subsequent events, continued

a) NIB's Funding Policy, continued

Under the Partially Funded Method:, continued

- The excess income that is generated each year will be added to the Fund and is accumulated to allow for the payment of contingencies, to maintain the current contribution rate for an extended number of years, to avoid annual increases to the contribution rate and to keep the rate as low as possible.

Under the PAYGwR Method:

- The annual income collected should be slightly greater than the annual expenditures to be paid out;
- Benefits are paid for a period of not more than one year;
- It is expected that annual frequencies and average durations are relatively stable; and
- Minimal reserves are held for these benefits to buffer unusual and unexpected events such as epidemics and natural disasters.

Under the Full Funded Method:

- The level of reserves must be at least equal to the present value of benefits; and
- The income collected and allocated to the Employment Injury Branch must be sufficient to cover: (a) the short-term expenditures of the branch and (b) the remaining amount must at least be able to satisfy the above full funded requirement for the long-term risks of the branch.

The Partially Funded position is considered by NIB to be reasonable and appropriate for purposes of a Social Security Plan as it is intended to operate indefinitely and have a continuous flow of new entrants.

b) Purchase of land

In November 2023, NIB purchased a parcel of land from a local private entity for US\$4 million. The land is located in Cheshire Hall & Richmond Hill, Providenciales and is intended for the construction of a new building for NIB.

c) Investments in financial assets measured at FVOCI

At March 31, 2023 NIB had US\$397 million of financial assets measured at FVOCI managed by UBS and its various investment managers. From April 1, 2023 to December 31, 2023 NIB reported a US\$29 million increase in fair value of its financial assets measured at FVOCI.

TURKS AND CAICOS ISLANDS NATIONAL INSURANCE BOARD

Notes to Financial Statements, continued

Year ended March 31, 2023

27. Subsequent events, continued

c) *Investments in financial assets measured at FVOCI, continued*

In addition, subsequent to reporting date NIB committed to contribute US\$12.3 million to certain private equity and hedge funds. This obligation to contribute capital to these funds are irrevocable and can only be withdrawn or cancelled with the consent of certain partners in accordance with the terms and conditions stipulated in fund's partnership agreement.