

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
<b>Assets</b>		
<b>Current assets:</b>		
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>
<b>Non-current assets:</b>		
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>
<b>Liabilities and Reserves</b>		
<b>Current Liabilities:</b>		
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>
<b>Non-current liabilities:</b>		
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>
<b>Reserves:</b>		
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
<b>Income:</b>		
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
<b>Expenses:</b>		
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)
<b>Net income before other comprehensive income</b>	28,455,658	15,562,965
<b>Other comprehensive income:</b>		
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
<b>Net income for year</b>	US\$ 31,894,534	105,742,080
<b>Net income for year transferred to:</b>		
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
<b>Income:</b>		
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
<b>Expenses:</b>		
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)
<b>Net income before other comprehensive income</b>	14,653,310	9,812,516
<b>Other comprehensive income:</b>		
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
<b>Net income for year</b>	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
<b>Income:</b>		
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
<b>Expenses:</b>		
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)
<b>Net income/(loss) before other comprehensive income</b>	5,520,737	(261,909)
<b>Other comprehensive income:</b>		
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
<b>Net income for year</b>	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
<b>Income:</b>		
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
<b>Expenses:</b>		
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)
<b>Net income before other comprehensive income</b>	8,281,611	6,012,358
<b>Other comprehensive income:</b>		
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
<b>Net income for year</b>	US\$ 8,937,551	22,472,326
<b>Net income for year transferred to:</b>		
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
<b>Balance at March 31, 2021</b>	<b>264,872,091</b>	<b>47,485,906</b>	<b>268,662</b>	<b>73,354,352</b>	<b>385,981,011</b>
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
<b>Balance at March 31, 2022</b>	<b>281,885,264</b>	<b>53,429,716</b>	<b>137,324</b>	<b>82,423,241</b>	<b>417,875,545</b>

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
<b>Cash flows from operating activities:</b>		
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>
<b>Cash flows (used in)/from investing activities:</b>		
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>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,940,472)</b>	<b>20,313,755</b>
Cash and cash equivalents at beginning of year	50,871,538	30,557,783
<b>Cash and cash equivalents at end of year</b>	<b>US\$ 42,931,066</b>	<b>50,871,538</b>

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

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### 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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 31<sup>st</sup> day of May and the 30<sup>th</sup> 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

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## 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 10<sup>th</sup> 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 9<sup>th</sup> 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)
<b>Total</b>	<b>42,706,000</b>	<b>41,334,000</b>	<b>1,372,000</b>

	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
<b>Total</b>	<b>41,334,000</b>	<b>40,102,000</b>	<b>1,232,000</b>

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
<b>Long-term benefits</b>			
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
<b>Short-term benefits</b>			
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
<b>Long-term and short term benefits balance brought forward</b>	US\$	22,712,174	23,972,569
<b>Employment injury benefits/disablement and death benefits</b>			
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
<b>TCI Bank balances</b>			
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
<b>TCIG and related entities transactions</b>			
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
<b>TCIG and related entities balances</b>			
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
<b>Key management personnel compensation</b>			
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

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## 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.