

2008

ANNUAL REPORT



growing on a strong foundation



Our Mission

“To deliver meaningful social security products and services to our customers”

In that regard we are committed to professional and prudent management of the NIBTT’s resources to ensure:

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

Our Vision

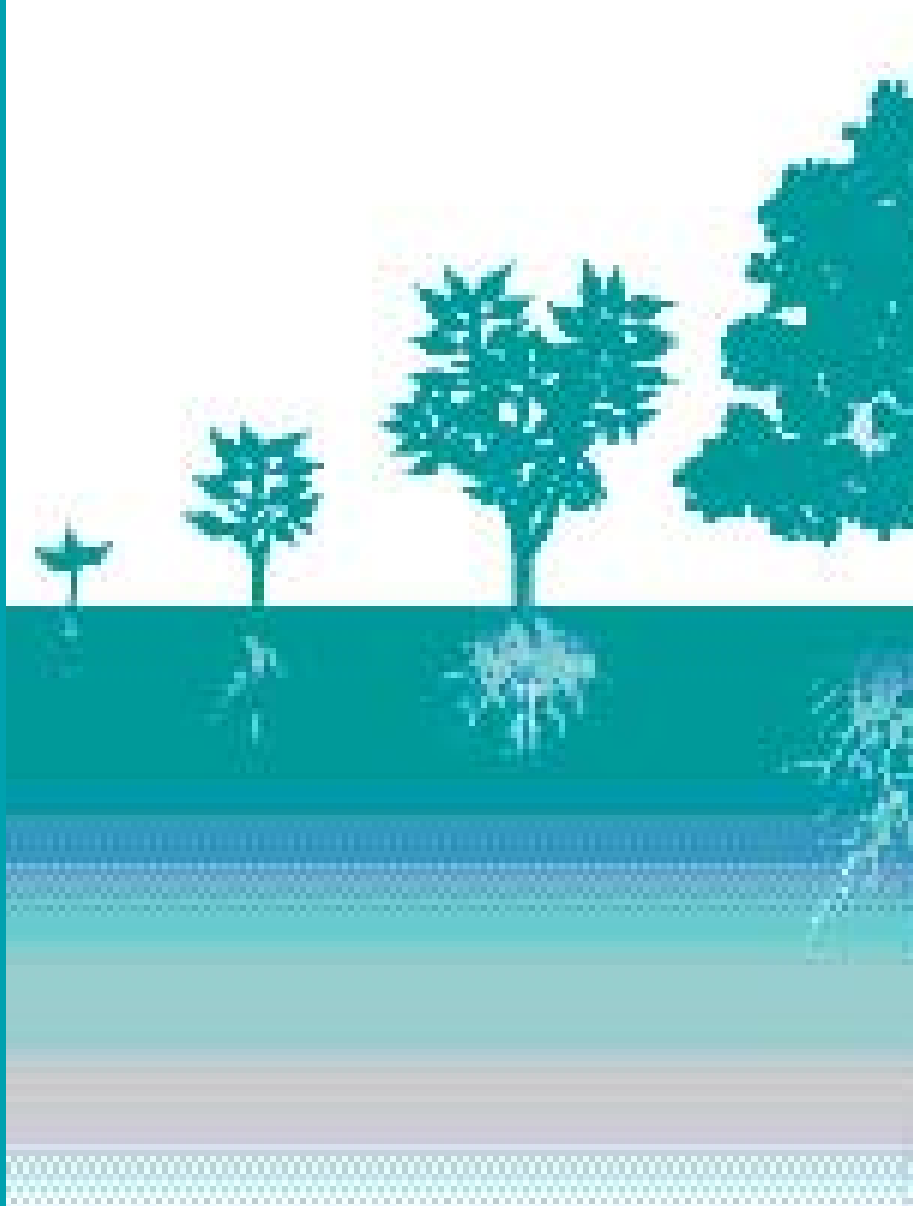
“Excellence in the provision of social security”

In striving for excellence we commit ourselves to:

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



The National Insurance Board
of Trinidad and Tobago





growing on a strong foundation

Our Core Values

- **Customers and Other Stakeholders**
We recognise that meeting and exceeding the expectations of our stakeholders must guide our decision-making and behaviour.
- **Employee Development and Recognition**
We are a performance-driven organisation committed to facilitating the continuous development of all employees to their fullest potential.
- **Mutual Respect**
We value and respect each other as persons, professionals and team members subscribing to the same mission, vision and values.
- **Transparency**
We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.
- **Integrity**
We are committed to high standards of personal and professional integrity and ethical behaviour.
- **Fairness**
We strive to be fair and equitable in our treatment of all stakeholders.
- **Loyalty**
We are committed to protecting the assets and ensuring the best interests of NIBTT and will avoid doing anything to tarnish its reputation and corporate image.
- **Teamwork**
We promote collaborative development as we work, learn and strive for excellence together.



Corporate Information

HEAD OFFICE

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Trinidad and Tobago, W.I.
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Email: nib@nibtt.co.tt
Website: www.nibtt.co.tt

BANKERS

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

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

AUDITORS

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

ATTORNEYS

Alexander-Jeremie
and Company
81 St. Vincent Street
Port of Spain
Trinidad and Tobago, W.I.

M.G. Daly and Partners
115a Abercromby Street
Port of Spain
Trinidad and Tobago, W.I.

Girwar and Deonarine
Harris Court,
17-19 Court Street
San Fernando
Trinidad and Tobago, W.I.

B.D.A. Camejo and Company
50 Richmond Street
Port of Spain
Trinidad and Tobago, W.I.



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Chairman's Review

For the Financial Year July 1, 2007 - June 30, 2008



“We are excited by the possibilities of how, together with our stakeholders, we can bring this remarkable organisation into its next phase of leadership and discovery.”

Calder Hart – Chairman NIBTT

The National Insurance Board of Trinidad and Tobago (NIBTT) continued in its trend of outstanding corporate performance in all the key areas of its operations.

Over the 12 months of this financial year, the NIBTT took on a greatly enhanced role in the lives of its customers by implementing dramatically improved benefit levels from January 2008. Improvements in our service delivery earned us a 10-percentage point increase in satisfaction rating from our customers.

A strong performance from our investment portfolio resulted in an 18.9% growth in Total Funds and Reserves, which stood at \$17 billion at the end of the financial year under review. The net average yield of 9.95% over the last five financial years signals that the NIBTT is not only well positioned to comfortably sustain the benefit increases implemented in January 2008 into the long term, but could confidently anticipate further increases in benefits as part of the ongoing review and reform of the National Insurance System.

During the year under review, the Board of Directors adopted vision 2011, a new three-year strategic plan which anticipates an extension of social security coverage to the self-employed, supports an enhanced role in certain government social initiatives and speaks to enhancing both our human resource and technological capabilities for the benefit and convenience of our customers.

Relevant Benefits

The NIBTT made significant strides in financial year 2008 with the completion of the 7th Actuarial Review and the implementation of its recommendations.

The NIBTT's plan to dramatically increase benefit levels, together with increases in the insured earnings and moderate and staggered contribution rate increases, were accepted by all stakeholders and welcomed by contributors and benefit recipients alike.

As a result of these changes, which were introduced with effect from January 2008, benefit payments reached \$1.5 billion, an increase of 46% over the payments made to beneficiaries in the preceding financial year.

The overall increase in benefits and adjustments to qualifying conditions are intended to ensure greater and improved access to social security coverage for the people of Trinidad and Tobago. One significant change is the introduction of a Special Maternity Grant which is awarded on the basis of the contributions of the father of the child, where the mother will not qualify for lack of the required contributions.

Improved Customer Service

At the NIBTT we care about our customers. Results from our customer survey for the year indicate that satisfaction is currently at an all-time high of 85%. This is an indication that the Customer Care Initiatives launched in 2007 have had a positive effect.

The NIBTT is committed to upgrading its security systems to ensure that the integrity of the information database is not compromised, while increasing customers access to online payment systems and other e-services.

These are among several initiatives that will be completed over the next three years in order to provide our varied customers with more choices for doing business with us.

Strong Financial Performance

The National Insurance Board has obtained outstanding results from the management of the investment portfolio during the reporting period. The portfolio generated a yield of 15.83% based on realised net investment income of \$2.050 billion. Total Funds and Reserves grew to \$16.9 billion or by 18.9% over the previous year. Total assets grew to \$17 billion or by 15.6%.

Effective cost containment is evident in the fact that despite rising prices of goods and services, administrative costs represented 5.62% of contribution income. This ratio is lower than the 7.11% of last year.

New Strategic Direction

The Corporate Strategic Plan Vision 2011 was developed during the 2007-2008 Financial Year. Strategic goals are fourfold:

- Expanding the boards' role in the provision of social security products and services
- Providing premier levels of customer service
- Growing the National Insurance Fund to \$23.9 billion by the year 2011
- Ensuring the appropriate institutional capacity for effective performance and enhanced service delivery.

To attain these ambitious goals, the NIBTT will face a wide range of challenges. The initiatives undertaken over the three years of the plan will position the NIBTT to play an even more important role as provider of social security to the people of Trinidad and Tobago.

Appreciation

As we take up the challenges posed by Vision 2011, I speak on behalf of the Board of Directors in expressing our satisfaction with the leadership shown by management and dedication shown by staff. We are proud of the NIBTT's achievements and of the leadership that has brought us to this point and we are grateful to you – our stakeholders – for your support in our journey. We hope and trust that you are pleased with how the NIBTT is growing and evolving.

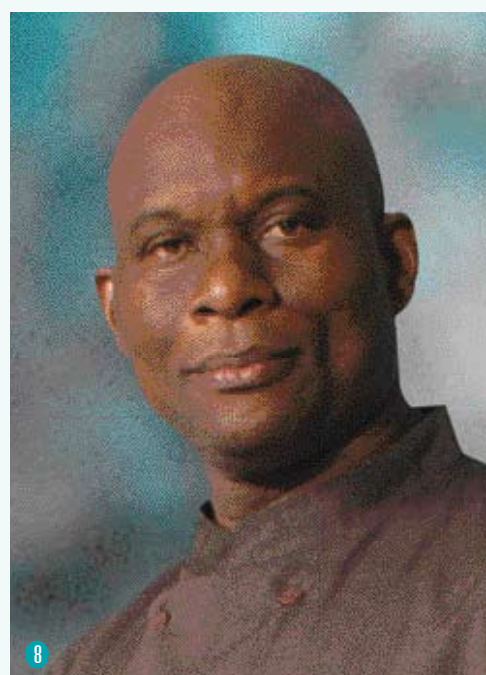
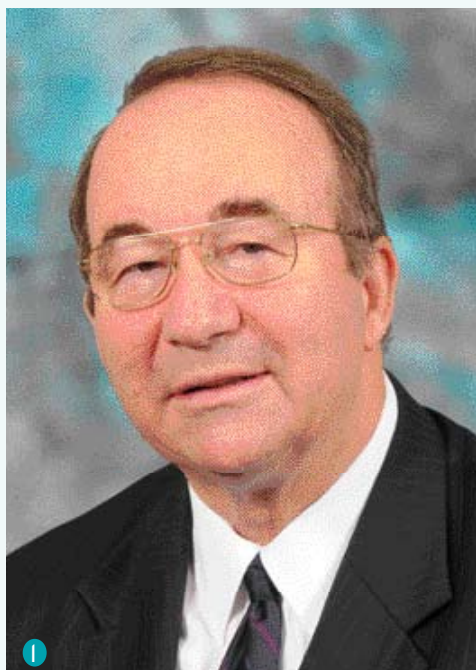
We are excited by the promise and possibilities of the future. Together with our stakeholders, we can bring this remarkable organisation into its next phase of expansion and discovery.

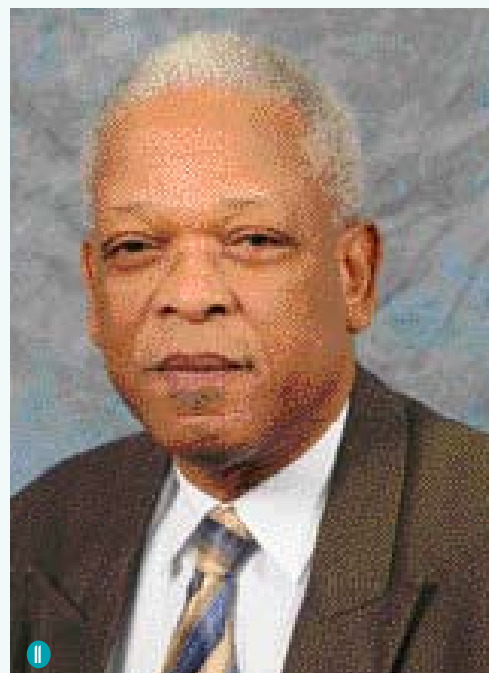
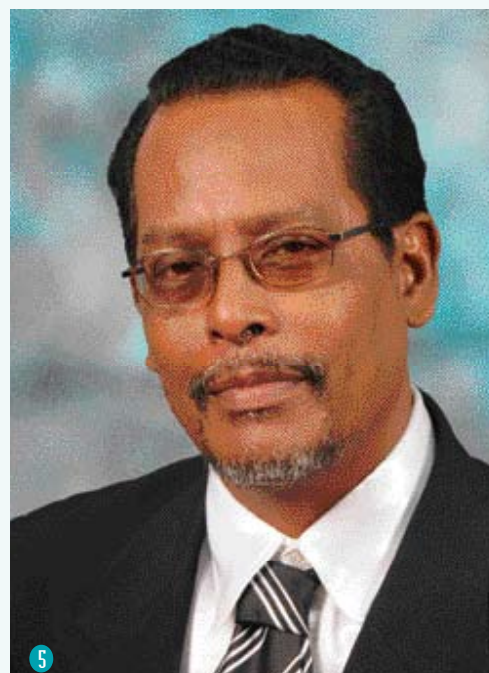
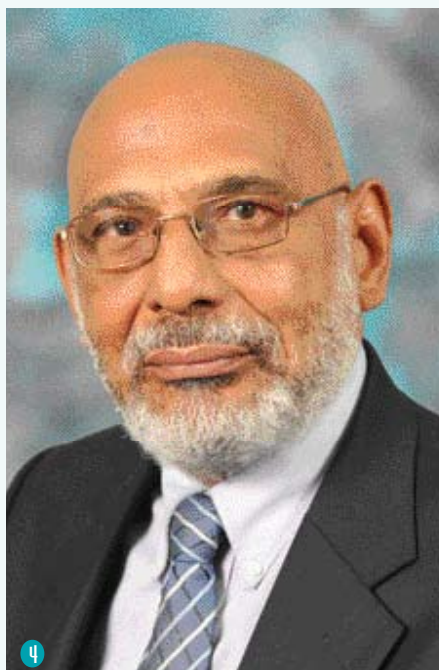
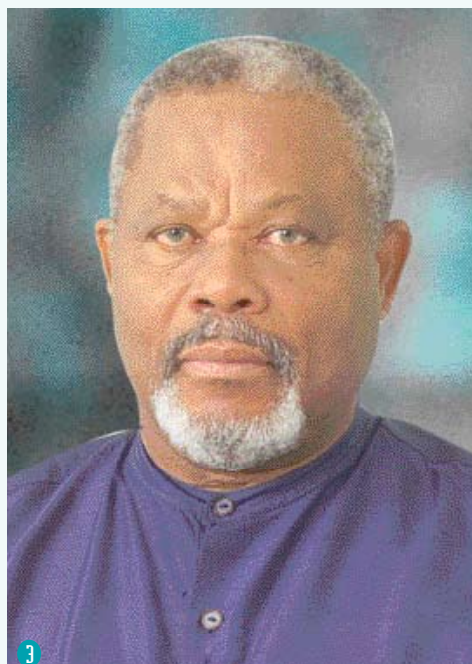
I take this opportunity to thank the Honourable Karen Nunez-Tesheira, Minister of Finance, and Senator the Honourable Mariano Browne, Minister in the Ministry of Finance, for their continued support of NIBTT during the year.



Calder Hart
Chairman NIBTT

Board of Directors





1. **Calder Hart** – Chairman
2. **Rudranath Indarsingh** – Labour
3. **Henry Sealy** – Government
4. **Walton Hilton-Clarke** – Business
5. **Alva Allen** – Labour
6. **Inez Sinanan** – Government
7. **Ruben McSween** – Business
8. **Michael Annisette** – Labour
9. **Joan John** – Government
10. **Seeram K. Maharaj** – Business
11. **Jeffrey A. McFarlane** – Executive Director (ex-officio)

ALTERNATES

Robert Guiseppi (Labour)
(Michael Annisette)

Clarence Rambharat (Business)
(Ruben McSween)

Ermine de Bique (Labour)
(Rudranath Indarsingh)

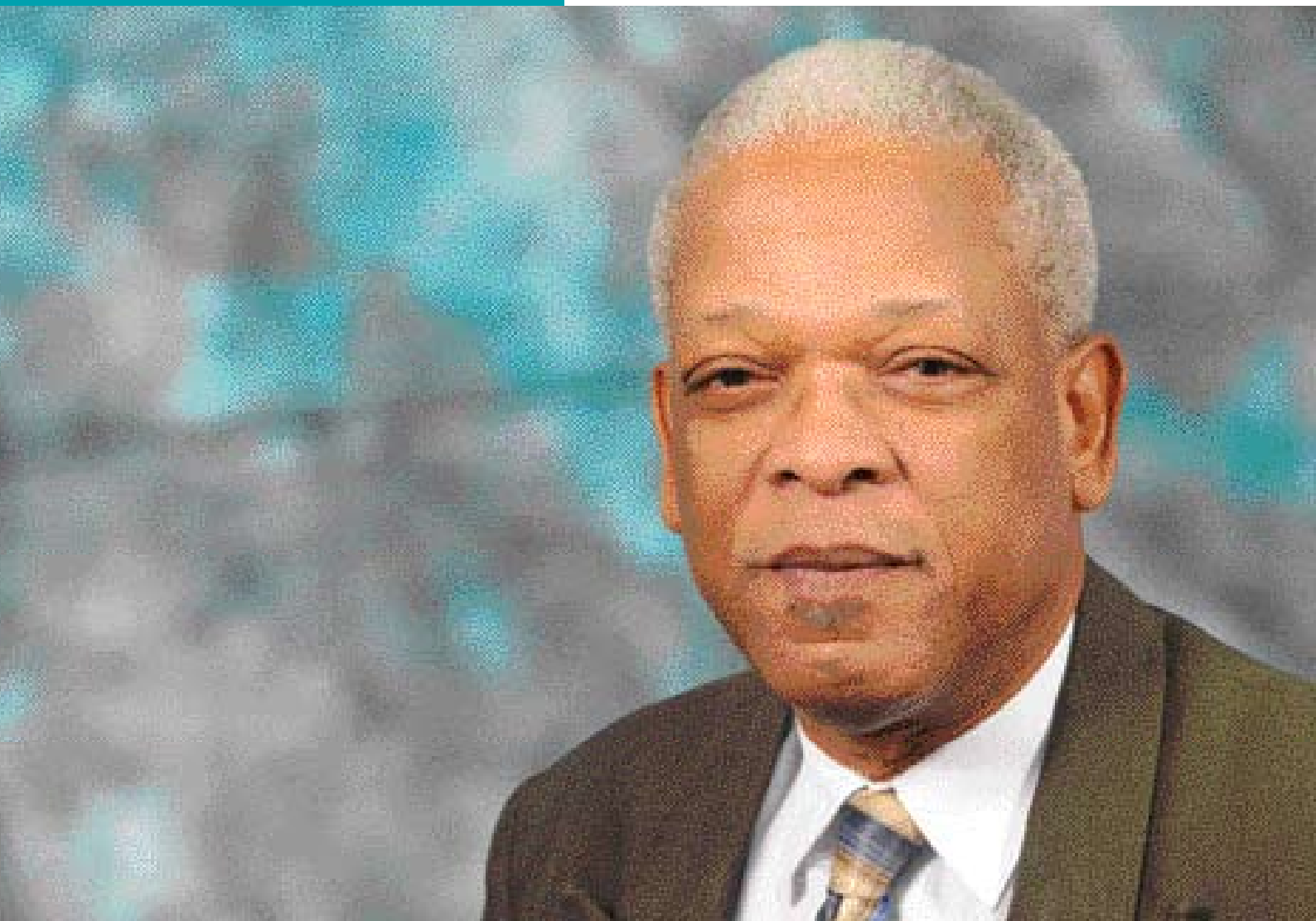
Stephanie Fingal (Business)
(Walton Hilton-Clarke)

Kenneth Dalip (Business)
(Seeram K. Maharaj)

Curtis John (Labour)
(Alva Allen)

Executive Director's Report

For the Financial Year July 1, 2007 - June 30, 2008



“Our drive to provide value is not limited to monetary considerations alone but also includes the pursuit of high standards of customer care.”

Jeffrey McFarlane – Executive Director NIBTT

Introduction and Overview

The National Insurance Board of Trinidad and Tobago (NIBTT) delivered another sterling performance as we enhanced the value and increased the range of benefits offered, realised a record return on our investment portfolio and improved our customer service rating during the financial year ended June 2008.

Our commitment to providing value to contributors and their dependants by offering meaningful benefits at affordable contribution rates is not a short-term one. Our vision speaks of 'Excellence in the provision of Social Security' and reflects the stability, growth and adaptability of an organisation that will continue to serve its stakeholders for generations to come.

At the dawn of our 37th year of operations, the NIBTT stands strong with an asset base of seventeen billion and fifty-nine million, eight hundred and ten thousand dollars (\$17.06 billion) and covers some 651,311 customers, 16.4% or 106,779 of whom are long-term beneficiaries. Income support is provided through 23 benefits that can be accessed throughout one's working life, upon retirement and by dependents upon the death of the contributor.

Periodically, we review our benefit package and in January 2008, the recommendations arising out of the Seventh Actuarial Review were implemented. This led to a 100% increase in the minimum retirement pension payable, from \$1,000 to \$2,000. Other benefits increased by approximately 25%. The response from our customers has been positive and is best reflected by the words of one of our retirees:

"I urge all workers to make sure that your NIS contributions are being paid by your employer. There are great benefits when you reach my age (60 years) or if you are disabled. Thank you, NIS, not only for the financial cover you have given me, but also for the umbrella that keeps me covered during the rainy season."

Kenneth Fitzpatrick, Retiree

Excerpt from Trinidad Guardian, Monday June 30, 2008

Our drive to provide value is not limited to monetary considerations alone but also includes the pursuit of high standards of customer care. A recent survey showed that in this too we continue to make great strides, obtaining an 85% customer satisfaction rating, up from 75% in the previous financial year.

Financing future increases in benefit for a growing and aging population is costly. We at the NIBTT plan to minimise the demands placed on future contributors through our effective stewardship of the NI Fund. This year, the NI Fund and Reserves grew from fourteen billion, two hundred and eighty-one million dollars (\$14.281 billion) to sixteen billion, nine hundred and eighty-seven million dollars (\$16.987 billion), an increase of 18.9%. The chief contributor to this growth was the net realised investment

income of two billion and fifty million dollars (\$2.05 billion), which for the first time surpassed the contribution income of two billion and forty million dollars (\$2.04 billion) that was collected. Indeed, over the last five years the Fund grew at an average annual rate of 13.2%.

With respect to our operations, we continued to implement cost containment measures without impairment of efficiency or effectiveness. The result was a ratio of administrative expenses to contribution income of just 5.62%, down from the 7.11% recorded in the previous financial year. Further, we continued to implement measures to protect the Fund from abuse by persons who submitted fraudulent claims. Savings to the NI Fund in the long term, through the interception of these claims are now estimated at thirty-six million dollars (\$0.036 billion).

The achievements highlighted above are but a few of those realised during the year under review. Other accomplishments are better shown through the growth in our operations illustrated by the comparison of key indicators for FY 2008 and FY 2007 in Table I below.

Table I Key Indicators

Key Indicators			
	2007	2008	Change
Beneficiaries	131,718	135,823	3.1%
Long-Term Beneficiaries	102,802	106,779	3.9%
Benefit Payment (billions)	\$1.04	\$1.52	46.0%
New Claims for Processing	39,628	40,149	1.3%
New Claims Processed	38,265	38,660	1.0%
and Authorised	38,519	38,350	(0.4)%
New Claims Paid			
Active Insured Persons	501,450	525,755	4.8%
Active Employer Population	16,694	17,516	4.9%
Employers Surveyed	6,564	6,076	(7.4)%
Contribution Income (billions)	\$1.50	\$2.04	36%
Net Investment Income			
Realised (billions)	\$0.862	\$2.05	137.9%
Admin. Cost (billions)	\$0.107	\$0.115	7.5%
Admin. Cost as a % of Contribution Income	7.11%	5.62%	(1.49)% pts
Admin. Cost as a % of Total Income	4.18%	2.8%	(1.38)% pts
Net Yield of Portfolio (realised income)	7.23%	15.83%	8.6%pts
Net Yield of Portfolio (realised & unrealised income)	5.41%	15.42%	10.01% pts
Total Funds and Reserves (billions)	\$14.3	\$17.0	18.9%
Total Assets (billions)	\$14.8	\$17.1	15.6%

Executive Director's Report (continued)

Our Vision

For the NIBTT, planning is an ongoing exercise that has as its raison d'être the organisation's responsiveness and the adaptation of its internal processes to the changing needs and expectations of its stakeholders, as well as to the changes in the external environment.

Our Vision "Excellence in the provision of Social Security" embodies the goals that we have set for the financial years 2009 through 2011. It is rooted in our Mission "To deliver meaningful social security products and services to our customers" and speaks of our commitment to service, financial sustainability and growth through the productivity, resourcefulness and dedication of our employees. Inherent in this remains our fundamental purpose to provide the greatest value to all stakeholders within the context of affordability, fiscal sustainability and administrative feasibility.

Delivering Service

Providing premier customer care is of paramount importance to the NIBTT and guides our decision-making and behaviour. We serve 651,311 customers consisting of 525,755 actively insured persons, 17,516 active employers, 106,779 long-term beneficiaries and 1,261 mortgagors. Making our customers' experience with us a positive one requires that we engage and assist them and solicit their feedback for the enhancement of our products and services to better meet their needs.

Customer Relationships

From the Customer Service Representatives and other officers who deal directly with customers, to staff in our support operations, everyone in the NIBTT is focused on maintaining good customer relationships. Even if a customer does not walk through the doors of our Service Centres, access is provided through an actively maintained and informative website that advises of the products we offer and how they can be obtained. This website forms part of a proactive communication strategy that also utilises the print media, the radio and a hotline, the distribution of brochures and the conduct of outreach programmes to disseminate information to customers and obtain feedback.

During the financial year just ended we intensified our outreach programme to ensure that stakeholders were apprised of the recommendations arising out of the conduct of the Seventh Actuarial Review. Presentations were made to representatives from business organisations and labour

Table 2 NIBTT Customer Base

Year	Insured Employees	Long-Term Beneficiaries	Employers	Mortgagors	Total
2004	359,187	79,652	14,145	2,300	455,284
2005	400,202	94,126	15,153	2,113	511,594
2006	465,389	100,021	16,067	1,808	583,285
2007	501,450	102,802	16,694	2,040	622,986
2008	525,755	106,779	17,516	1,261	651,311

unions and 50 seminars were conducted with various groups, some of which were in response to requests made.

The recent changes to our legislation caused much debate and some concerns were raised. Our rapid response assured our stakeholders that ours is an organisation of high integrity that practiced good governance and understood well its fiduciary responsibilities in managing the National Insurance Fund.

On the social side, we are a major sponsor of the 'Eye on Dependency' programme aired on Radio i95 that focuses on drug addiction and rehabilitation. In addition, we toasted our customers through appreciation days held between May and June at each one of our service centres and provided our retirees with the gift of an umbrella.

We continually seek to improve our relationships with customers and each year we survey them to find out how they feel about our benefits and service delivery. Since financial year 2004, our customer satisfaction rating has been increasing. This year, it jumped 10 percentage points to an 85% customer satisfaction level.

Registration

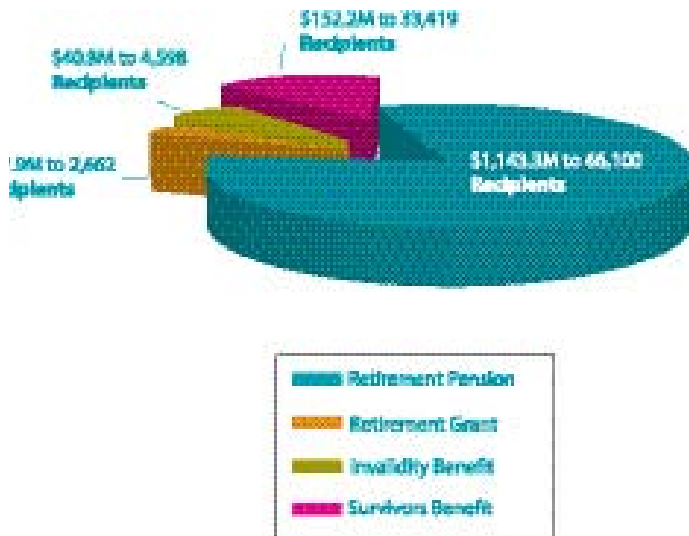
The number of actively insured persons and employers continued to grow during the financial year. The increases seen are reflective of the continued buoyancy of the Trinidad and Tobago economy with its increasing expansion of business activity and the attendant fall in unemployment rates.

This year, a total of 28,978 new employees registered for NI coverage. Overall, the number of actively insured persons grew to 525,755, a net increase of 24,305, or 4.8% over the previous financial year-end figure of 501,450.

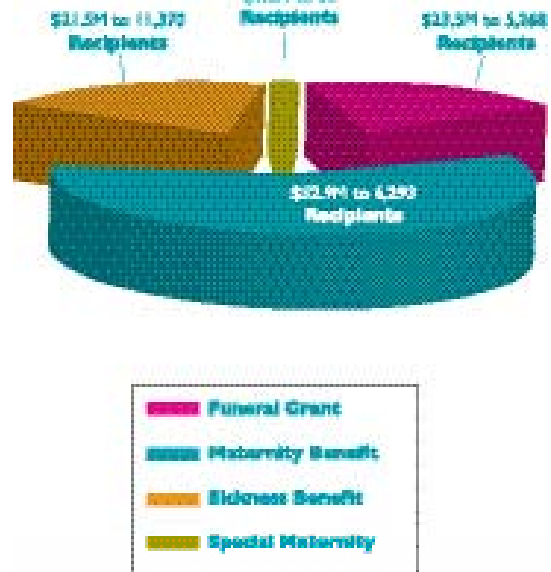
A total of 2,383 new employers also joined the system bringing the net total of employers paying contributions to 17,516, an increase of 822 or 4.9% over the previous financial year-end count of 16,694.

Executive Director's Report (continued)

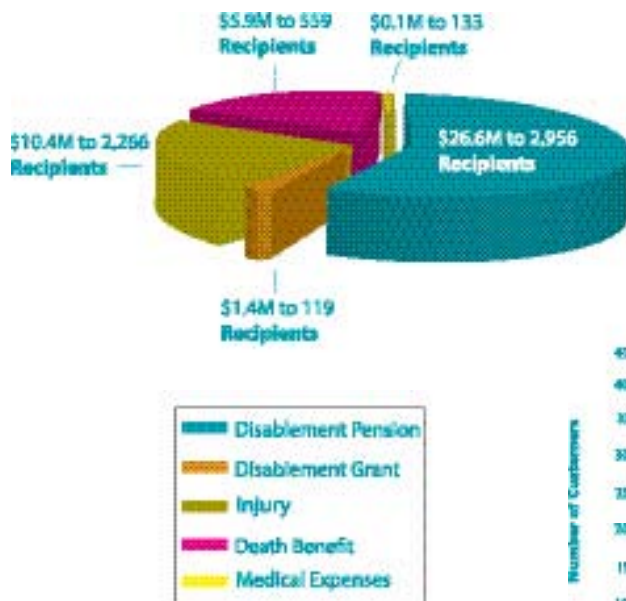
LONG-TERM BENEFIT EXPENDITURE FY08



SHORT-TERM BENEFIT EXPENDITURE FY08



EMPLOYMENT INJURY BENEFIT EXPENDITURE FY 08

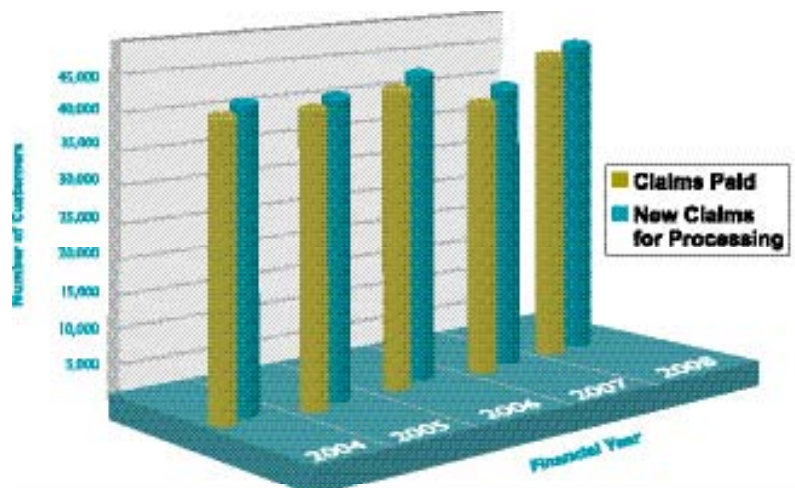


Benefit Administration

In all, a total of 135,823 persons received benefits, an increase of 3.1% over the previous year's figure of 131,718. Of these, 106,779 or 79% were Long-Term Benefit recipients; 23,011 or 17% were Short-Term Benefit recipients and 6,033 or 4% were Employment Injury Benefit recipients.

The greatest net growth in beneficiaries continued to be seen in our retirees who numbered 66,100 and accounted

CLAIMS PAID AND NEW CLAIMS
2004-2008



Executive Director's Report (continued)

for 47% of our total beneficiary population. Overall, the number of Long-Term Beneficiaries increased by 3,977 or 3.7% and Short-Term Beneficiaries by 461 or 2.0% while the number of Employment Injury Beneficiaries continued to decline, this year by 333 or 5.2%.

During the year there were 40,149 new claims for processing, an increase of 521 or 1.3% over the previous year's figure of 39,628. By year-end 38,660 new claims were processed and authorised and 38,350 paid.

Submission of fraudulent claims, however, continued to be a problem. We had to divert organisational resources to perform more stringent due diligence and gate-keeping procedures, including referring more claims for investigation by authorised officers and for medical review.

Through these investigations we identified practices such as:

- Falsifying employer/employee records and relationships
- Understating contribution arrears
- Falsifying medical records and diagnoses
- Paying contributions when the employer did not exist

There was even a case where an "employer" paid contributions for his employee in Trinidad while the employee was working and resident in a foreign country.

These assaults on the National Insurance Fund are largely orchestrated by a few individuals whose objective is to qualify persons for invalidity and retirement benefits in particular, at the lowest cost to themselves. To date, the detective measures implemented have resulted in savings to the Long-Term Benefits Fund of some thirty-six million dollars (\$0.036 billion), which would otherwise have been paid out on fraudulent claims for Long-Term benefit. Several matters are before the courts and others referred to the police for further action.

Reciprocal Agreements

The proper administration of Reciprocal Agreements is increasing in importance given the initiatives towards integration amongst CARICOM countries and the closer collaboration between social security organisations in dealing with current and future challenges. There is significant migration to Trinidad and Tobago by CARICOM nationals and this suggests that the provisions of the Reciprocal Agreement will be increasingly utilised to qualify persons for benefits.

The NIBTT continues to honour Reciprocal Agreements entered into with Canada and other CARICOM countries. In this regard, 58 applications for Trinidad and Tobago benefits have been made by persons residing in Canada. Additionally,

10 enquiries were received from persons residing in Trinidad and Tobago regarding CARICOM benefits and 23 enquiries from CARICOM countries, in respect of Trinidad and Tobago nationals.

Providing Value

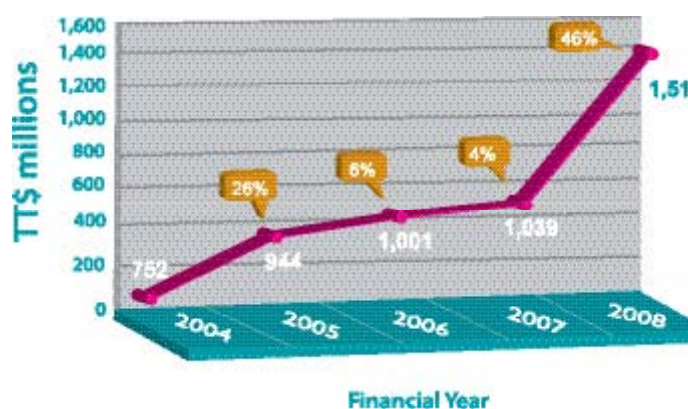
The NIBTT continues to provide lifetime value to all of its contributors. Critical to this has been a practical response to their needs through the provision of social security benefits that are of value and therefore relevant but affordable. We combine best practices with sound actuarial analysis to ensure that our products are relevant and apply macroeconomic analysis to analyse the effects of the financial environment on our products. This balance has led to our customers receiving value for their money.

Seventh Actuarial Review

Implementation of the recommendations arising out of the Seventh Actuarial Review was one of the major projects undertaken during the year. Resources from all areas of our operations were deployed to draft required legislation, consult with stakeholders, educate staff and the general public, redesign forms and procedures, as well as revise and test the core insurance administration application, which was developed in-house.

Approval of the legislative amendments by the Upper House was received on September 25, 2007 and in fewer than three months, the NIBTT was able to pay retirement pensioners their increased benefits and implement

**BENEFIT EXPENDITURE
2004-2008**



Executive Director's Report (continued)

contribution and other benefit changes in January 2008 as planned. The 61,252 retirement pensions in payment as at December 2007 were increased to \$2,000 and 33,630 long-term benefits were increased by about 25%.

Since the introduction of the Special Maternity benefit in January 2008, 80 women have made successful claims for this benefit for which they are eligible, based on their husbands' contributions. Another 1,992 persons have also qualified for benefits in the higher classes introduced because a greater portion of their earnings is now insured.

Benefit Payment

The payout to beneficiaries rose by 46%, from one billion and forty million dollars (\$1.04 billion) in the previous year to one billion, five hundred and twenty million dollars (\$1.52 billion) this financial year.

This significant increase in benefit payments is due primarily to the implementation of recommendations arising out of the Seventh Actuarial Review and in particular the 100% increase in the minimum retirement pension. For that benefit alone, expenditure increased by four hundred and twenty-one million dollars (\$0.421 billion) or 63.6% from seven hundred and twenty-two million dollars (\$0.722 billion) in financial year 2007 to one billion, one hundred and forty million dollars (\$1.14 billion) in financial year 2008.

Pensioners have expressed their satisfaction with the increases implemented and the NIBTT intends that these benefits must maintain value and relevance in the future.

Financing the NIS

The National Insurance System is financed mainly through income received from contribution payments and investments. On an ongoing basis, net income from these sources is applied to the various funds and invested. The NI Fund must be effectively managed to ensure both fund growth and income generation so that meaningful benefits can be paid in the short-term while providing for the long-term financing obligations of a maturing national pension system.

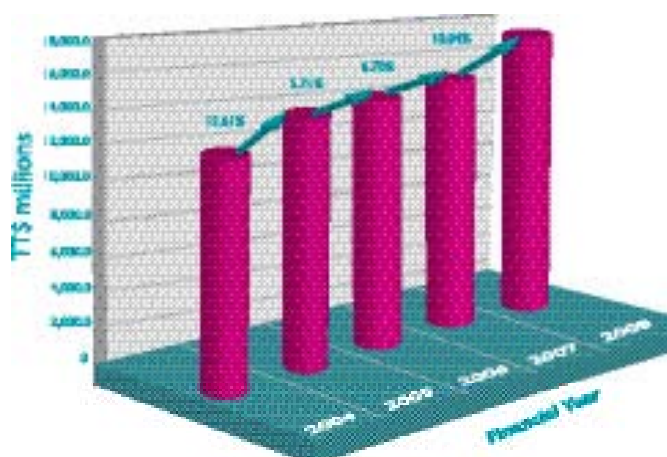
This year, Total Funds and Reserves grew by two billion, seven hundred and six million dollars (\$2.706 billion) or 18.9% to sixteen billion, nine hundred and eighty-seven million dollars (\$16.987 billion), from fourteen billion, two hundred and eighty-one million dollars (\$14.281 billion) in FY 2007. Total Assets grew by 15.6%, from fourteen billion, seven hundred and fifty-six million dollars (\$14.756 billion) in FY 2007 to seventeen billion and sixty million dollars (\$17.060 billion) by June 2008.

Contribution Income

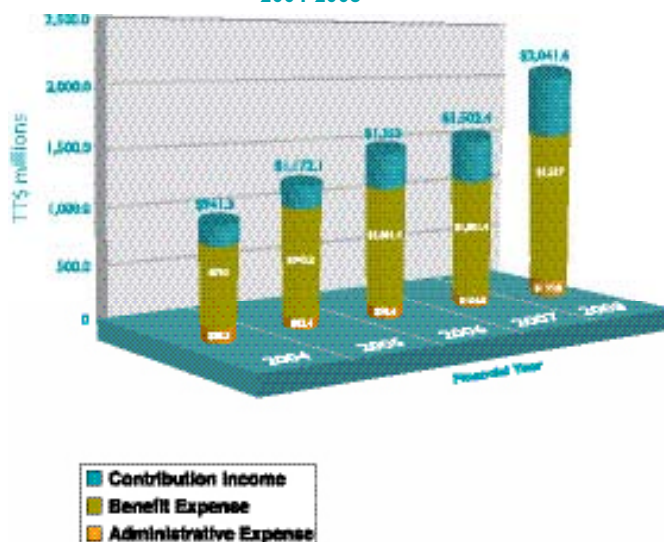
During the year we continued to survey employers to ensure that they understood their responsibilities to the NIS and that their record-keeping and payments were correct. Of the 5,809 employers surveyed during the year, 32 employers were referred for legal action.

Contribution income collected during the year amounted to two billion and forty million dollars (\$2.04 billion), an increase of five hundred and thirty-nine million

**TOTAL ASSETS
2004-2008**



**CONTRIBUTION INCOME AND EXPENDITURE
2004-2008**



Executive Director's Report (continued)

dollars (\$539.2 million) or 36% over the FY 2007 figure of one billion, five hundred million dollars (\$1.5 billion). This significant increase is attributable to the higher contribution rates that came into effect in January 2008, as well as the high level of compliance displayed by employers. Overall, following deductions for benefit payments and administrative costs, the net contribution income applied to the growth of the NI Fund was four hundred and ten million dollars (\$0.41 billion).

Investment Income and Yield

At two billion, two hundred and fifty million dollars (\$2.25 billion), net investment income (realised and unrealised) for FY 2008 surpassed contribution income collected for the first time.

This milestone is attributed primarily to the gain on sale of RBTT shares accruing in the financial year (five hundred and thirty-eight million dollars (\$0.538 billion)) and the gains on the local equity portfolio (one billion dollars (\$1.0 billion)).

This year the net yield achieved on the investment portfolio (realised and unrealised) was 15.42%, a performance that is well above the annual average return of 10.5% identified by the actuary to ensure the long-term sustainability of the NI Fund. Such an achievement, if sustained, will facilitate the long-term financing of increased benefits without passing onerous financing burdens to future generations of employed persons.

Table 2 highlights the annual investment yields for the financial years 2004 to 2008. During this period, we experienced fluctuations in both realised and unrealised income as a result of the volatility of the financial market. Despite this, over the 5-year period we achieved a 9.31% average return at cost (based on realised income) compared with a 9.95% average return at market value (based on realised and unrealised income).

Portfolio Mix

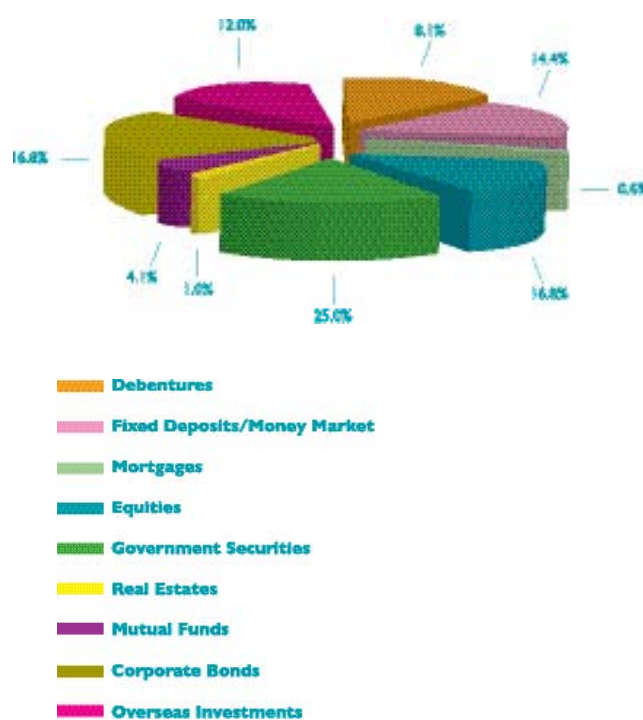
During the 2008 financial year the NIBTT increased the overseas investment portfolio by investing some gains made from the RBTT share sale. The investment strategy also included increased local and energy-based investments. These investments were made in accordance with the Board's Investment Policy and its main underlying principles of Safety, Yield, Liquidity and Social/Economic Utility.

Government Securities represented the largest share (25%) of the investment portfolio, followed by Equities and Corporate Bonds each at 16.8%. Fixed deposits and Money Market instruments made up the next largest share (14.4%)

Table 3 Investment Portfolio Yields for FYs 2004 through 2008

Year	Net Yield at Cost [Realised Income] %	Net Yield at Market Value [Realised & Unrealised Income] %
2004	8.93	21.47
2005	7.36	9.24
2006	7.12	(1.86)
2007	7.30	5.46
2008	15.83	15.42
5-year average	9.31	9.95

INVESTMENT PORTFOLIO MIX AS AT JUNE 30, 2008



Executive Director's Report (continued)

of the portfolio, followed by Overseas Investments (12%), Debentures (8.2%), Mutual Funds (4.4%), Real Estate (1.0%) and Mortgages (1.4%).

Real Estate

In the area of real estate the NIBTT has undertaken the Riverwoods development in Arima to provide middle-income homes. This development consists of 145 single units in progress and 126 townhouses to be started in January 2009. The housing development includes recreational facilities within a gated community setting. A total of 52 single unit homes were completed and finishing touches were being applied to another 75.

Other real estate initiatives included the Savannah East Development project with GENIVAR Trinidad and Tobago as Development Manager and land acquisitions in Chaguanas. The purpose of these acquisitions is to provide much needed office space for the NIBTT and our customers and to further dynamise and diversify our investments portfolio.

Cost Containment

The NIBTT has adopted a systematic approach to cost containment which includes:

- Improving procurement practices
- Reviewing and streamlining processes
- Implementing mechanisms to eliminate benefit abuse
- Encouraging a culture of strict expenditure control.

With the increase in our operations, administrative costs grew by eight million dollars (\$0.008 billion). At one hundred and fifteen million dollars (\$0.115 billion), its ratio to contribution income of 5.62% reflected a decrease of 1.49 percentage points off the ratio of administrative cost to contribution income of 7.11% recorded in the previous financial year.

Maintaining Integrity

The NIBTT is an organisation that honours its obligation to properly and effectively serve its stakeholders and manage a significant and growing public fund. As such, embedded in our legislation, policies and procedures are practices that promote good governance, accountability and ethical behaviour. Further, the tripartite composition of our Board of Directors ensures that all stakeholders are represented at the various levels of authority. From staff to managers and our various Board Committees, we practice strict adherence to disciplined and exacting processes that promote consistency, fairness, accountability and transparency in our operations.

“We must focus on the development of new products and services, build our capacity and capability to serve new and different customers and forge new alliances.”

The timely submission of our annual reports, including audited financial statements, for each of our 36 years of existence and more recently the publication of these reports is cogent testimony of the value we place on accountability to the people of Trinidad and Tobago.

We recognise that this is one of our key traits that builds public confidence and are constantly on our guard to ensure that this trust is not shaken. To this end, during the last year we have reviewed and tightened our procedures and processes with respect to insurance administration, tendering, resolution of audit queries and promoting information security.

Product and Services Growth

In pursuing excellence in the provision of social security, we have set ourselves corporate objectives that require an organisational shift from social insurance to social security. Achieving these objectives means that we must focus on the development of new products and services, build our capacity and capability to serve new and different customers and forge new alliances.

NIS coverage for Self-Employed Persons

Chief among our corporate objectives is the incorporation of the self-employed under the NIS. To this end, work is in progress on the conduct of a feasibility study. During the year, we built a profile of these workers using the latest data available from the Central Statistical Office to determine demographic, labour market, and socio-economic characteristics.

Extensive work was also done in determining benefit products and other preferences of self-employed persons through surveys and consultations. The organisations contacted included Government Agencies and CARICOM Social Security organisations, as well as associations for professionals, artistes, market vendors, taxi drivers, fishermen and domestics. The information collected will be used in developing a policy framework that sets the parameters for extending coverage to this group and takes into account qualifying conditions, benefits and financing.

Executive Director's Report (continued)

National Health System

The NIBTT is represented on the Government Steering Committee, which is charged with the responsibility for developing the framework and policies governing the implementation of the country's National Health System. During the year, representatives from the NIBTT along with the Ministry of Health attended the Second Caribbean Social Security Meeting on National Health Financing Initiatives, which was held in Aruba. We presented two papers at this conference: one which provided an update on national health financing initiatives in the country and the other which dealt with managing relationships with Health Service Providers through the Chronic Disease Assistance Programme.

At this meeting it was decided that Trinidad and Tobago would host the next conference in October 2008. Senator the Honourable Jerry Narace, Minister of Health and Senator the Honourable Mariano Browne, Minister in the Ministry of Finance have given their support for this event which brings Heads of Social Security and Public Health Administrators together with experts to review experiences and best practices and examine both global and regional health issues.

Participants in the conference are expected from 24 countries, including Belize and the English and Dutch speaking Caribbean. Expert speakers include representatives from the International Labour Organization, World Health Organization, Pan American Health Organization, Inter-American Development Bank, Caribbean Epidemiology Centre, Ministry of Health, the Health Economics Unit, UWI and local and internationally recognised workers representatives.

Senior Citizen's Grant and Other Welfare Payments

In March 2008 the NIBTT was approached by the Ministry of Social Development to determine what support we could provide in generating payments for the senior citizens grant and other benefits cheque printing. At present, approximately 107,000 benefits cheques in respect to senior citizens' grants, disability, and public assistance

are printed by another agency, but the latter is unable to continue providing this service. Discussions between the NIBTT, Ministry of Social Development and the agency are ongoing to determine the most feasible options to NIBTT in providing the required support.

The NIBTT recognises the confidence that the Ministry has placed in us and we stand ready to support this and other national social initiatives as the Government of Trinidad and Tobago positions the country to achieve developed nation status by the year 2020.

Building Adaptability

The NIBTT is an organisation that is sensitive to the socio-economic environment in which it operates. We therefore diligently monitor this environment so that we can adjust our strategies and internal operations to take advantage of opportunities and successfully face our challenges. We recognise that such adaptability requires the co-ordinated efforts of qualified, skilled, trained, experienced and motivated staff who have access to required tools and other supporting resources, which are provided. Notwithstanding this, if the NIBTT cannot remain competitive in the market, the exodus of valued staff is likely to increase, with adverse consequences on our performance and productivity gains.

Training and Development

All training activities identified in the organisation's training and staff development programme for FY 2008 were completed. A total of 69 internal and external training programmes were completed that impacted 844 staff members at all levels. The training provided covered a wide range of skills sets that included insurance administration, leadership, financial management, human resource management, OSHA compliance and IT security. Of particular importance was the conduct of training for all staff assigned to the Insurance Operations Business Unit consequent upon the implementation of the recommendations arising out of the Seventh Actuarial Review.

Members of staff also participated in regional and international seminars that focused on inter-regional collaboration in investment management and national health financing or addressed issues affecting social security systems around the world. These inter-regional and international conferences provided a venue for the exchange of experiences and the germination of ideas to resolve persistent problems faced by social security systems.

Education assistance was approved for seven applicants pursuing post-graduate degrees in business administration,

“The National Insurance Board of Trinidad and Tobago continues to strive for excellence as we celebrate 37 years of service to the people of Trinidad and Tobago.”

Executive Director's Report (continued)

human resource management, finance and information technology. This year also, one of the two persons on NIBTT sponsored scholarships completed her MBA in project management.

Employee Performance Management

To ensure that our efforts in meeting corporate objectives are co-ordinated, we focused on implementing the revised Employee Performance Management System which links individual employee job objectives with the organisation's corporate strategies and objectives. The system was piloted during the financial year and a poster competition launched aimed at building staff awareness.

Pay for Performance

During the year also, we obtained approval from the line minister for the introduction of a Pay for Performance Plan that would reward employees based on the achievement of organisational and individual targets.

Infrastructure Capacity

In meeting the corporate objectives that have been planned, we must build our human capability and capacity, as well as our infrastructure to ensure ready availability of information. During the year we continued work on upgrading our phone system to support seamless inter-office communication. We also began work on our Data Centre upgrade plan that defines an upgrade path for our physical facility, network, servers and databases.

Industrial Relations

Negotiations for a Collective Agreement for the 2005/07 period were successfully concluded during the year under review. Notably, this was achieved without the intervention of a third party and augurs well for the maintenance of industrial peace and a collaborative relationship with the Public Services Association of Trinidad and Tobago as the representative union.

Appreciation

The National Insurance Board of Trinidad and Tobago continues to strive for excellence as we celebrate 36 years of service to the people of Trinidad and Tobago. Our key strength has been the generations of workers who have dedicated themselves to building and growing this organisation into a high-performance, relevant and respected service institution.

Over the years, this organisation has been moulded to meet the needs of our various stakeholders who have always

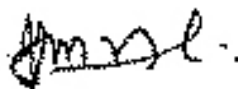
provided us with feedback and support. We appreciate all that they have done and remain committed to ensuring that each new experience with us is a positive one.

The NIBTT continued to make significant strides under the stewardship of our Chairman, Mr. Calder Hart. He has supported and guided our investment strategies, which have contributed to a respectable growth in the fund. He has also expertly guided us in our property development initiatives. I would like also to recognise and highly commend the valuable work done by the various committees of the board and by the chairpersons of these committees. Not only does the tripartite arrangement continue to be successful, but relations between the board and management are positive. The directors have made a unique contribution in guiding the improvements of our operations and in driving strategic projects through. For this we record our appreciation.

To my management team who has worked closely and tirelessly to produce another outstanding performance this year, I express my heartfelt thanks for a job well done. The management team is an accomplished one and serves the NIBTT with passion and integrity.

Special mention of our CARICOM and international social security partners must also be made. The exchange of information, research and experiences has been of mutual benefit.

Lastly, but by no means least, I wish to thank the employees of the NIBTT for their loyalty, productivity, and dedication to this organisation. Your commitment to excellence and your positive response to my leadership have made my tenure as Executive Director a rewarding one. My wish is that you will continue to make a positive difference in the lives of the hundreds of thousands of customers who depend on you in their times of need.



Jeffrey A. McFarlane
Executive Director

Board Committees

Human Resources Committee

Mr Alva Allen - Chairman
Mr Henry Sealy - Member
Mr Walton Hilton-Clarke - Member
Executive Director - Member
Executive Manager, Human Resources
- Ex-officio

Audit Committee

Ms Inez Sinanan - Chairman
Mr Walton Hilton-Clarke - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Internal Auditor - Ex-officio

Tenders Committee

Mr Seeram K. Maharaj - Chairman
Mr Henry Sealy - Member
Mr Alva Allen - Member
Executive Director - Member
Executive Manager, Investments,
Finance & Business, - Ex-officio

Computer Projects Implementation Committee

Mr Ruben Mc Sween - Chairman
Ms Joan John - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Executive Manager, Planning & Technology
- Ex-officio

Finance Committee

Mr Calder Hart - Chairman
Mr Michael Annisette - Member
Mr Seeram K. Maharaj - Member
Ms Joan John - Member
Executive Director - Member
Executive Manager, Investments,
Finance & Business - Ex-officio

Pension Plan Committee

Mr Henry Sealy - Chairman
Ms Lorna Charles - Board Representative
Ms Cherrie-Ann Crichlow-Cockburn -
Management Representative
Ms Emrice Henry - Members' Representative
Mr Sherwin Williams - Members' Representative

Investment Committee

Mr Calder Hart - Chairman
Ms Joan John - Member
Mr Emmanuel A Noel - Member
Mr Ruben Mc Sween - Member
Mr Peter Clarke - Member
Mr Michael Annisette - Member
Mr Robert Guiseppi - Member
Executive Director - Member
Executive Manager, Investments, Finance & Business
- Ex-officio

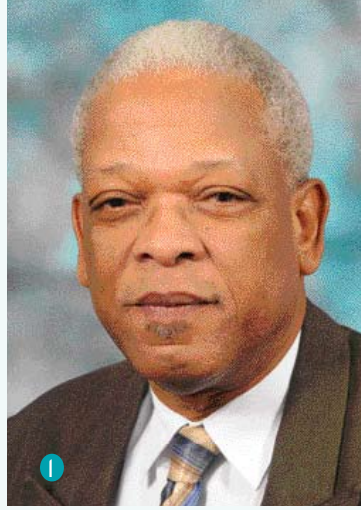
Land Development Committee

Ms Joan John - Chairman
Mr Seeram K. Maharaj - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Executive Manager, Investments, Finance & Business,
- Ex-officio

Seventh Actuarial Review Committee/National Health Insurance System Committee

Mr Calder Hart - Chairman
Mr Walton Hilton-Clarke - Member
Mr Alva Allen - Member
Ms Joan John - Member
Executive Director - Member
Executive Manager, Planning & Technology
- Ex-officio

Executive Management Team



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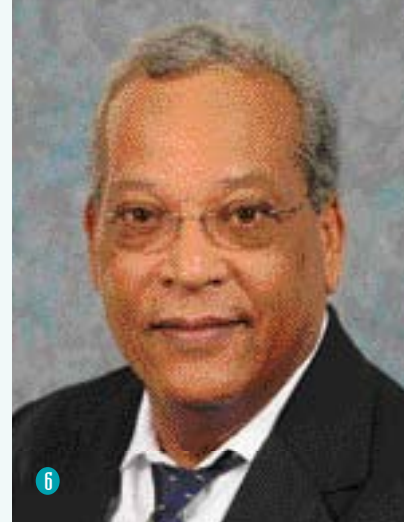
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6

1. Jeffrey A. McFarlane
Executive Director
2. Lorna Charles
Executive Manager
(Insurance Operations)
3. Niala Persad
Executive Manager
(Legal Services/Corporate Secretary)
4. Cherrie-Ann Critchlow-Cockburn
Executive Manager
(Human Resources)
5. Karen Gopaul
Executive Manager
(Planning and Technology)
6. Ian Pemberton
Executive Manager
(Investments, Finance and Business)

Senior Management Team

Esther Charles – Manager, Business Services
 Karen Davis-Holder – Financial Accountant
 Margaret De Landro – Area Operations Manager
 Ramdath Doobraj – Mortgage Analyst
 Jennilynn Howe-Dopwell – Manager, Corporate Communications
 Elton Doyle – Manager, Employee and Industrial Relations
 Adrian Fortune – Manager, IT Security
 Patricia George-Lezama – Area Operations Manager
 Emrice Henry – Area Operations Manager
 Annabelle Holder – Senior Investment Analyst
 Joseph Mendoza – Manager, Employee Benefits/Compensation
 Sean Mc Millan – Area Operations Manager
 Susan Nelson-Mc Conney – Project Manager Insurance Operations
 Mikhail Noel – Manager, IT Development
 Irwin Ottley – Internal Auditor
 Andrew Pienkos – Manager, Research and Development
 Ramlakhan Seecharan – Manager, IT Infrastructure
 Greta Stephen – Legal Officer
 Kendra Thomas – Legal Officer
 Patricia Villaruel – Manager, Insurance Operations

Year in Review

Honouring Our Retirees



Mr. Michael Queeley receives a gift from Mr. Jeffrey McFarlane, Executive Director of the NIBTT.



Ms. Sharon Lloyd receives a gift from Mr. Jeffrey McFarlane, Executive Director of the NIBTT.



Mr. Augustine Soo Hon receives a commemorative plaque from Mr. Calder Hart, Chairman of the NIBTT.



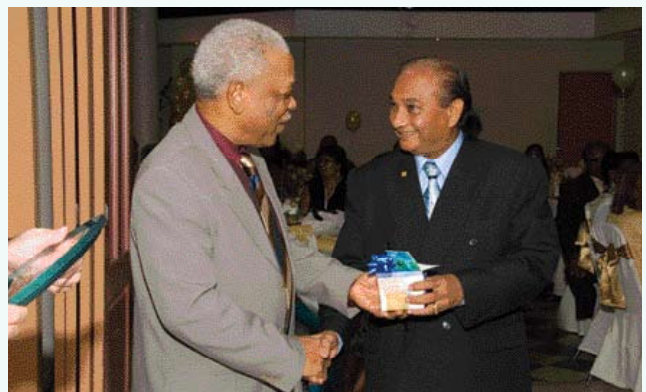
Ms. Earleen Boyce receives a gift from Mr. Jeffrey McFarlane, Executive Director of the NIBTT.



Ms. Glenda Rogers receives a commemorative plaque from Mr. Calder Hart, Chairman of the NIBTT.



Ms. Veronica Jacob receives a commemorative plaque from Mr. Calder Hart, Chairman of the NIBTT.



Mr. Kenny Ramlakhan receives a gift from Mr. Jeffrey McFarlane, Executive Director of the NIBTT.



Ms. Patricia Parsons receives a commemorative plaque from Mr. Calder Hart, Chairman of the NIBTT.



Executive Director, Mr. Jeffrey McFarlane presents a token of appreciation to Lenore deBourg.



Area Operations Manager, Ms. Emrice Henry presents a token of appreciation to Mr. Harripersad, husband of retiree, Mrs. Sonia Harripersad.



Board Director Senator Michael Annisette presents a token of appreciation to Joan Charles George.



Board Director Mr. Seeram Maharaj presents a token of appreciation to Dorothy Narine.



Board Director, Ms. Inez Sinanan presents a token of appreciation to Theresa Thomas.



Executive Manager, Insurance Operations Mrs. Lorna Charles presents a token of appreciation to Eulalie Denise Fortune-Modest.

Year in Review

Honouring Our Retirees

Year in Review



Executive Director, Mr. Jeffrey McFarlane presents a hamper to Mrs. Vilma Redhead for her outstanding contribution to education in the St James community.



Staff of the North Regional Service Centre serve members of the public.



Manager, Insurance Operations, Mrs. Patricia Villaruel presents a hamper to 90-year-old Mr. Earl Crosby Snr at the St James Customer Appreciation Day.

Customer Appreciation Day



Executive Manager, Insurance Operations Mrs. Lorna Charles presents a hamper to Mr. Anton LaFon for his outstanding contribution to the disabled in the St James community.



This woman gets her eyes checked at one of our Customer Appreciation Days.



A cross-section of the crowd at an NIBTT Customer Appreciation Day.

Promoting Self-Employed Coverage



NIBTT's Manager, Research and Development, Dr. Andrew Pienkos fields questions from members of the public on proposed self-employed coverage.



A cross-section of the public in attendance at the Seafood Industry Development Company session to discuss proposals for self-employed coverage.



NIBTT's Research Assistant Patricia Charles in a feedback session on self-employed coverage.

Annual Caricom Social Security Games



Team NIBTT, winner of the march past at the 8th Social Security Games held at Kensington Oval, Barbados.



Pretty ladies enjoying the picnic.



The boys lime at the Games.

Year in Review

Christmas Dinner & Dance - An Emerald Affair



From right, Senator, the Honourable Mariano Browne shares a light moment with NIBTT Chairman, Mr. Calder Hart, Mrs. Jennifer Baptiste-Primus, PSA President, and Mr. Primus.



From left, Past Director, Mr. Francis Mungroo (deceased), Mr. Ian Pemberton, Executive Manager Investments, Finance and Business, Mr. and Mrs. Kenneth Henry and Earle Carter at the dinner table.



From right, Mrs. Wendy Ali, Ag. General Manager, NIPDEC, in conversation with Ruben McSween, NIBTT Director, and Dr Victor Coombs, Medical Advisor to NIBTT.



Executive Director, Mr. Jeffrey Mc Farlane (left) presents a token of appreciation to Dr. Harold Hamilton, retired Medical Advisor to the NIBTT.



Staff take to the dance floor after the Christmas dinner.



Cross section of staff and guests on the dance floor.

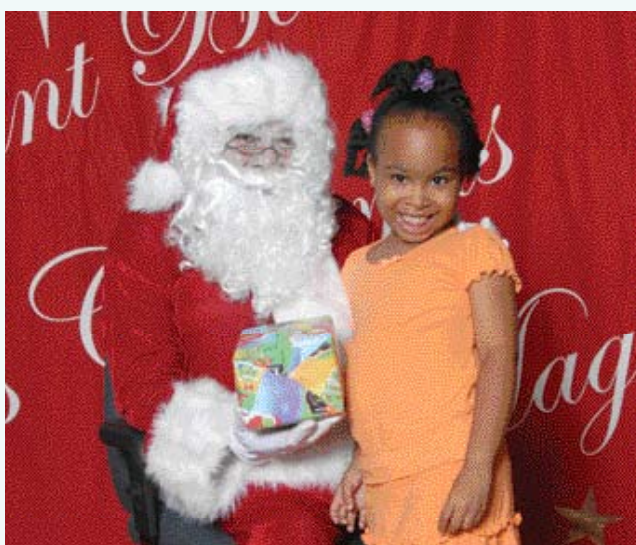
Children's Christmas Party



This girl has the full attention of the face painter.



Children of employees of NIBTT having fun.



This young lady poses for her picture with Santa Claus.



NIBTT's Rasheeda Bilal helps this youngster with her balloon art.



These youngsters are excited by Santa's arrival.



Enjoying the pony ride.

Year in Review

Carnival Festivities



Governor of the Central Bank, Mr. Ewart Williams shares some words of advice with Director of the NIBTT Board, Mr. Seeram Maharaj.



Adesh Samaroo entertains the crowd with his rendition of "Rum Til I Die".



Cross-section of staff members enjoying the live entertainment.



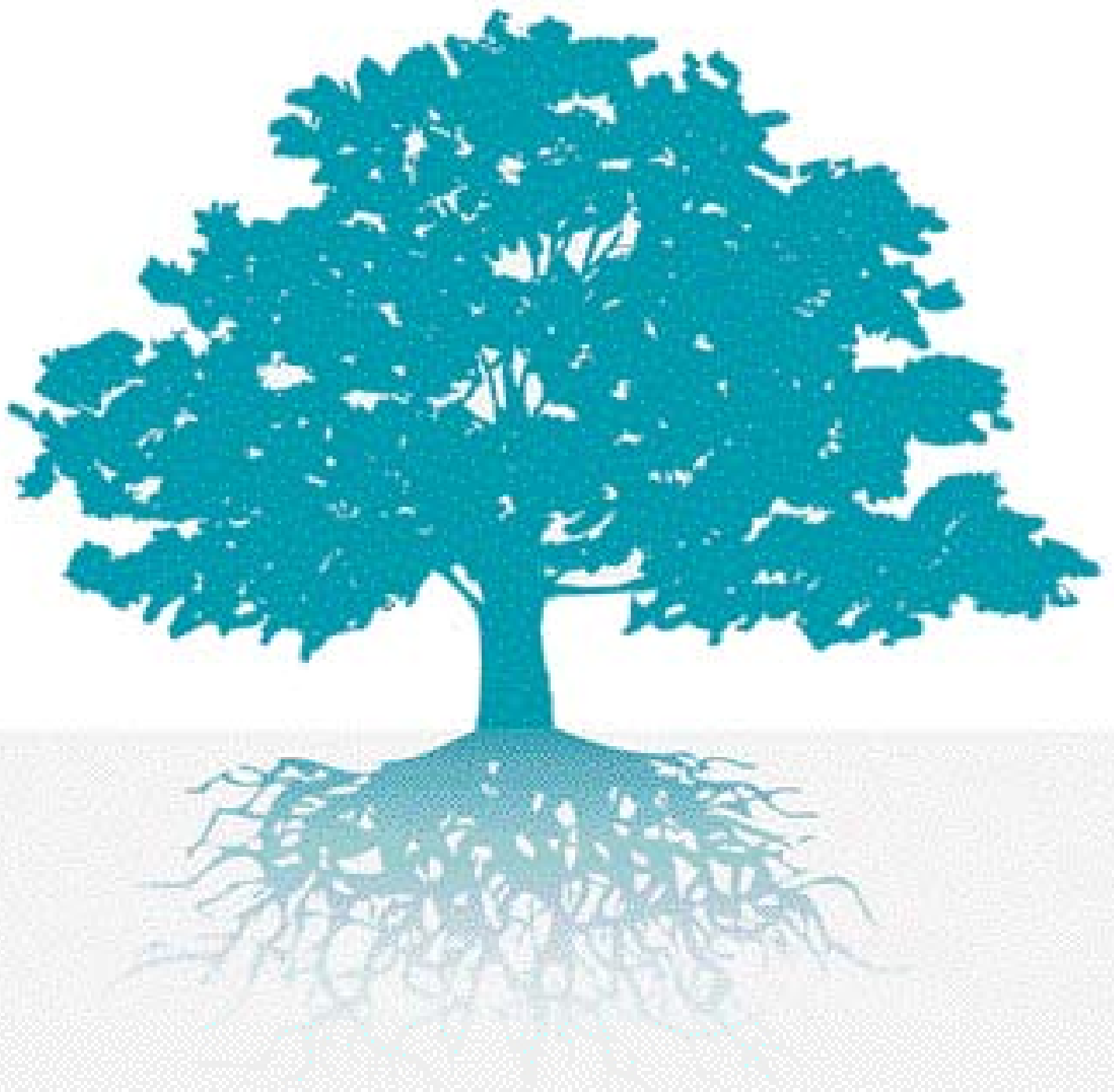
A cross-section of the crowd.



SuperBlue commands the crowd to "get something and wave."



The stalwarts of NIBTT as they enjoy the entertainment at the Carnival Open House. From left to right are Diane Pavy, Yvonne Carter and Rosemond Belle.



Financial Statements

Independent Auditors' Report

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

Report on the Non-Consolidated Financial Statements

We have audited the accompanying non-consolidated financial statements of The National Insurance Board of Trinidad and Tobago ("the Board"), set out on pages 33 to 60, which comprise the non-consolidated balance sheet as at June 30, 2008 and the non-consolidated revenue and expenditure accounts and non-consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The non-consolidated financial statements of the Board at June 30, 2007, were audited by other auditors whose report dated September 14, 2007 expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the accounting policies as set out in Note 4. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

The Board's statutory responsibility is to prepare financial statements to be ultimately laid before Parliament as required by the National Insurance Act. These accounts have been prepared under the accounting framework as described in Note 4 of these non-consolidated financial statements.

Opinion

In our opinion, the non-consolidated financial statements give a true and fair view of the financial position of the Board as of June 30, 2008 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies as set out in Note 4.



Chartered Accountants

September 9, 2008
Port of Spain
Trinidad, W.I.

Non-Consolidated Balance Sheet


June 30, 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Property, plant and equipment	7	103,612	98,402
Investment properties	8	143,631	137,155
Employee Benefits	9	292,544	266,872
Investment in subsidiary companies	10	32,190	32,190
Investments held-to-maturity	11	6,914,692	6,920,165
Mortgage advances	12	83,812	95,339
Investments available-for-sale	13	5,687,628	5,793,027
Investments at fair value through profit and loss		480,737	519,011
Inventory		101,782	70,231
Fixed deposits		—	1,344
Other assets	14	539,153	424,071
Cash and cash equivalents	15	2,680,029	398,116
Total assets		17,059,810	14,755,923
FUNDS, RESERVES AND LIABILITIES			
Long-term benefits fund	16	13,741,977	9,116,174
Short-term benefits fund	17	122,644	112,230
Employment injury benefit fund	18	355,315	298,628
Total funds		14,219,936	9,527,032
Accumulated reserve	19	1,062,840	3,248,429
Revaluation reserve	20	1,704,352	1,506,035
Total reserves		16,987,128	14,281,496
Other liabilities	21	72,682	89,427
Borrowings	22	—	385,000
Total funds, reserves and liabilities		17,059,810	14,755,923

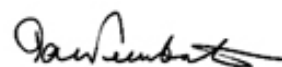
The accompanying notes form an integral part of these non-consolidated financial statements.



Chairman



Executive Director



Executive Manager –
Investments, Finance & Business

Non-Consolidated Revenue and Expenditure Accounts

June 30, 2008

	2008 \$'000	2007 \$'000		2008 \$'000	2007 \$'000
LONG-TERM BENEFITS FUND					
Revenue			Expenditure		
Fund at July 1	9,116,174	8,799,344	Benefits incurred	1,374,198	911,616
Contribution income	1,735,398	1,277,052	Administrative expenses	109,834	102,042
Penalty income	19,046	15,466			
Pension asset income	24,565	24,612	Fund at June 30	13,741,977	9,116,174
Investment income	1,961,775	824,329			
Transfer from accumulated reserve	2,369,051	—	Transfer to accumulated reserve	—	810,971
	<u>15,226,009</u>	<u>10,940,803</u>		<u>15,226,009</u>	<u>10,940,803</u>
SHORT-TERM BENEFITS FUND					
Revenue			Expenditure		
Fund at July 1	112,230	104,773	Benefits incurred	98,115	89,783
Contribution income	183,748	135,217	Administrative expenses	1,352	1,215
Penalty income	234	184	Transfer to accumulated reserve	98,554	46,412
Pension asset income	302	293	Fund at June 30	122,644	112,230
Investment income	24,151	9,173			
	<u>320,665</u>	<u>249,640</u>		<u>320,665</u>	<u>249,640</u>
EMPLOYMENT INJURY BENEFIT FUND					
Revenue			Expenditure		
Fund at July 1	298,628	301,188	Benefits incurred	44,414	37,328
Contribution income	122,498	90,145	Administrative expenses	3,598	3,493
Penalty income	624	529	Transfer to accumulated reserve	83,492	81,287
Pension asset income	805	842	Fund at June 30	355,315	298,628
Investment income	64,264	28,032			
		<u>420,736</u>			<u>420,736</u>

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

Non-Consolidated Statement of Cash Flows

June 30, 2008

	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Contribution income	2,041,644	1,502,414
Investment income	2,050,190	861,534
Penalty income	19,904	16,179
Benefits expenditure	(1,516,727)	(1,038,727)
Administrative expenses (net)	(114,785)	(106,750)
Other income	1,417	—
Adjustment for depreciation	4,013	5,654
Property, plant and equipment adjustment	1,138	—
Adjustment to provision for doubtful debts	(11,638)	(16,868)
Increase in amounts owed	(115,082)	(16,654)
Decrease in amounts due	(15,617)	(8,855)
Net cash flows from operating activities	2,344,457	1,197,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,361)	(25,084)
Purchase of investments	(2,573,484)	(5,875,293)
Sale/maturity of investments	2,907,429	5,297,277
Net cash from (used in) investing activities	323,584	(603,100)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(385,000)	(350,000)
Net increase in cash and cash equivalents	2,283,041	244,827
Cash and cash equivalents at the beginning of the year	389,782	144,955
Cash and cash equivalents at the end of the year	2,672,823	389,782
Cash and cash equivalents are comprised of:		
Cash and bank balances (including call deposits)	2,680,029	398,116
Bank overdraft	(7,206)	(8,334)
		389,782

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

1. Incorporation and Principal Activity

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

These non-consolidated financial statements were authorised for issue by Management on September 9, 2008.

2. Actuarial Review

Section 70 (1) of the Act requires an actuarial review of the National Insurance System at five-yearly intervals.

The Sixth Actuarial Review of the National Insurance System was completed by an independent actuary who concluded, "the current position of the NIS is very favourable." It was also indicated that "the NIS is in a good position to put in place strategies to deal with the future demographic bulge."

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

Allocation of the total funds was modified in 1991 with the creation of a fourth reserve fund that is the accumulated reserve. Any excess or shortage in any of the three funds – long-term benefits fund, short-term benefits fund and employment injury benefit fund – is transferred to or from the accumulated reserve. Any administrative expense in excess of the ceiling (refer to Note 21) is charged against the accumulated reserve.

Further, the Actuary made the following recommendations in the Sixth Actuarial Review:

1. The ratio of the contributions paid by employee to those paid by employer, 1:2 should be maintained.
2. Contribution income be distributed between the funds in the following ratio – long term 85%; short term 9%; employment injury 6%.
3. Benefit levels ought to be revised upwards.

The Actuaries have disclosed several main findings, which assumed no changes to the existing contribution and benefit rates, including:

- As at June 30, 2000, there was a significant balance in the NIS funds and the contribution income exceeded the expenditure by a considerable amount. The average fund (i.e. the total of all funds and reserves) for the fiscal year 2000, stood at 14.3 times the actual expenditure.
- With the current contribution rate of 8.4%, the ratio of the average fund to annual expenditure is estimated to peak at 24.9 in 2010-11 and then fall to less than 1 (i.e. 0.7) by 2044-45. This means that the NIS can continue to operate at the current contribution rate for the next 40 years. However, by 2043-44 a large increase in the contribution rate will be required to sustain the NIS fund thereafter.
- The current contribution rate of 8.4% is twice the contribution rate required on a strict Pay-As-You-Go (PAYG) basis to meet current expenditure under the NIS.
- The Fund as at July 1, 2000 was 76% of the fund that is required if accrued benefits were fully funded and the deficit in the Fund (on a fully-funded basis) was \$1,996 million.

2. Actuarial Review (continued)

These findings were reported based upon the premise of a series of “Base Scenario” assumptions including:

- No changes to existing contribution or benefit rates;
- Full indexation of contribution and benefit rates to inflation;
- A 6% average annual investment rate of return;
- A 4% average increase in prices and earnings.

3. Legislative Amendments

Contributions

Employer/employee contributions increased in January 2008.

4. Basis of Preparation

(a) Basis of accounting

These non-consolidated financial statements are prepared on the historical cost convention, except for the valuation of available-for-sale and at fair value through profit and loss investments, investment properties, artwork and freehold and leasehold properties. They have been prepared in accordance with the accounting policies described below and no account is taken of the effect of inflation. These accounting policies are consistent with International Financial Reporting Standards, except that consolidated financial statements have not been prepared.

The preparation of the non-consolidated financial statements, in conformity with the accounting policies described below, requires management to make estimates and assumptions that affect the amounts reported in the non-consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

(b) Functional and presentation currency

Items included in these non-consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The non-consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Board’s functional and presentation currency, unless otherwise stated.

(c) Use of estimates and judgements

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

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

Judgements made by management that have a significant effect on the non-consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 6.

5. Statement of Accounting Policies

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

(a) Foreign currency

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

(b) Financial instruments

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

(c) Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances and highly liquid investments with a maturity period of three months or less.

(d) Impairment

The carrying amounts of the Board's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (d)(i)) and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the revenue and expenditure accounts.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in reserves is recognised in the revenue and expenditure accounts even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the revenue and expenditure accounts is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the revenue and expenditure accounts.

(i) Calculation of recoverable amount

The recoverable amount of the Board's loans and advances and other assets is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

5. Statement of Accounting Policies (continued)

(d) Impairment (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the revenue and expenditure accounts. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the revenue and expenditure accounts, the impairment loss shall be reversed, with the amount of the reversal recognised in the revenue and expenditure accounts.

(e) Loans and Advances

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

A mortgage advance is classified as impaired (non-performing) when there is objective evidence that the Board will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of the Board such as:

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

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

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

5. Statement of Accounting Policies (continued)

(f) Investment securities

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention are recognised at settlement date.

Investment securities are classified as available for sale, fair value through profit and loss and held to maturity. Management at the time of purchase determines the appropriate classification and all investment securities are originally recorded at cost.

(i) Financial assets at fair value through profit and loss

Securities at fair value through profit and loss are trading securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exist. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices at balance sheet date. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis. Where discounted outflow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date for an instrument with similar terms and conditions.

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

(ii) Available-for-sale investments

Available-for-sale securities are financial assets that are not financial assets at fair value through profit and loss, originated by the Board or held to maturity. These are initially measured at cost.

After initial recognition, investments which are classified as "available for sale" are measured at fair value in the same manner described above, with unrealised gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the unrealised investment reserve is included in the revenue and expenditure accounts.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost less impairment losses.

(iii) Held-to-maturity investments

Held-to-maturity assets are other long-term investments which the Board's management has the positive intention and ability to hold to maturity. These investments are carried at amortised cost less impairment losses. Amortised cost is calculated on the effective interest method.

These comprise of financial assets held for trading and those designated at fair value through profit and loss at inception.

5. Statement of Accounting Policies (continued)

(g) Investment properties

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

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

Rental income from investment properties during the year amounted to \$6.8 million (2007: \$5.9 million). Direct operating expenses incurred on investment properties during the year amounted to \$1.375 million (2007: \$2.6 million).

(h) Investment in subsidiary companies

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

Companies	Percentage ownership
National Insurance Property Development Company Limited (NIPDEC)	100%
Trinidad and Tobago Mortgage Finance Company Limited (TTMF)	51%

In these separate parent financial statements of the Board, these investments are accounted for at cost.

(i) Mortgage advances

Mortgage advances are financial assets with fixed or determinable payments. These are measured at amortised cost less provisions for impairment.

(j) Inventory

Inventory is stated at cost and comprises of amounts transferred from investment properties due to the commencement of development, with a view to sale. Upon transfer from investment properties, the deemed cost of the inventory was taken as the fair value of the investment property at the date of change in use.

(k) Related parties

A number of transactions are entered into with related parties into the normal course of business. These transactions were carried out on commercial terms and conditions at market rates (see Note 26).

5. Statement of Accounting Policies (continued)

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses except for artwork and freehold and leasehold properties which are stated at valuations conducted by independent professional valuers. Freehold and leasehold properties were professionally valued in June 2007 using the investment method. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the revenue and expenditure accounts during the financial period in which they are incurred.

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

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

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

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

(m) Provisions

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

(n) Basis of allocation, etc.

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

(i) Contribution income

Contribution income is allocated as follows:

	2008 %	2007 %
Long-term benefits fund	85	85
Short-term benefits fund	9	9
Employment injury benefit fund	6	6
	100	100

5. Statement of Accounting Policies (continued)

(n) Basis of allocation, etc. (continued)

ii) Other income

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

iii) Fund ratios

Based on the recommendations of the Sixth Actuarial Review, the Board implemented the following: short-term benefit fund and employment injury benefit fund balances will be maintained at 1.25 times and 8 times the respective benefits incurred during the current year, while the long-term benefit fund balance represents 10 times the long-term benefits incurred during the year.

These fund allocations are based solely on the ratios recommended by the Independent Actuary, and do not represent the Board's liability to beneficiaries at June 30, 2008.

iv) Accumulated reserve

The Board has also decided that surpluses or deficits arising from the operation of the Funds as described above, together with any excess of administrative expenses and significant prior year adjustments, may be transferred to or from the accumulated reserve which will be held as a reserve for future contingencies.

(o) Revenue recognition

(i) Contribution and benefits

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

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

(ii) Investment income

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

(p) Employee benefits

(i) Short-term

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

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

5. Statement of Accounting Policies (continued)

(p) Employee benefits (continued)

(ii) Post employment

The Board contributes to a defined benefit staff pension plan which covers all qualifying employees. Members contribute 5% (2007:5%) of their pensionable salaries to the Plan whilst the Board currently contributes 5% (2007:5%). All permanent employees are eligible for membership and temporary employees under certain conditions.

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

(q) New standards and interpretations not yet adopted

At the date of authorisation of the non-consolidated financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended June 30, 2008, and have not been applied in preparing these non-consolidated financial statements. These standards and interpretations and their respective effective dates are as follows:

IFRS 1	First-time Adoption of International Financial Reporting Standards — Amendment relating to cost of an investment on first-time adoption	January 1, 2009
IFRS 2	Share-based Payment — Amendment relating to vesting conditions and cancellations	January 1, 2009
IFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from May 2008 Annual Improvements to IFRSs	July 1, 2009
IAS 1	Presentation of non-consolidated financial statements — Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 1	Presentation of non-consolidated financial statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 16	Property, Plant and Equipment — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 19	Employee Benefits — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 20	Government Grants and Disclosure of Government Assistance — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 23	Borrowing Costs — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to IFRS 3	July 1, 2009

5. Statement of Accounting Policies (continued)

(q) New standards and interpretations not yet adopted (continued)

IAS 27	Consolidated and Separate Financial Statements — Amendment relating to cost of an investment on first-time adoption	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 28	Investments in Associates — Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 29	Financial Reporting in Hyperinflationary Economies — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 31	Interests in Joint Ventures — Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 32	Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 36	Impairment of Assets — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 38	Intangible Assets — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	July 1, 2009
IAS 40	Investment Property — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 41	Agriculture — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IFRIC 12	Service Concessions Arrangements	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	January 1, 2008
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008

The adoption of these standards and interpretations are not expected to have a material impact on the non-consolidated financial statements.

6. Significant Accounting Judgements and Estimates

In the process of applying the Board's accounting policies, management has used its judgements estimates and assumptions in determining the amounts recognised in the financial statements; actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Employee benefits

The cost of the defined benefit staff pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on pension plan assets and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. See Note 9 for the assumptions used.

Property, plant and equipment

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Board to enable the value to be treated as a capital expense. Further judgment is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

Contributions

Management exercises judgement in determining contributions receivable. In determining the receivable, management makes certain assumptions regarding the likelihood of recovery.

Impairment losses on loans and advances

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

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

Impairment of equity investments

The Board treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its costs or where other objective evidence of impairment exist. The determination of what is "significant" or "prolonged" requires judgement. The Board treats "prolonged" as greater than six months. In addition, the Board evaluates other factors, such as the share price volatility.

7. Property, Plant and Equipment

	Land Freehold/ Leasehold Buildings \$'000	Machinery Equipment/ Furniture and Fittings \$'000	Art and Motor Vehicles \$'000	Total 2008 \$'000	Total 2007 \$'000
Cost/valuation at beginning of year	89,799	62,620	3,253	155,672	138,531
Additions	8,448	1,775	138	10,361	25,084
Disposal/adjustments	(1,081)	—	(363)	(1,444)	(7,943)
At the end of year	97,166	64,395	3,028	164,589	155,672
Accumulated depreciation at beginning of year	1,962	54,146	1,162	57,270	55,745
Current year	990	2,427	596	4,013	5,654
Disposal/adjustments	68	(106)	(268)	(306)	(4,129)
At the end of year	3,020	56,467	1,490	60,977	57,270
Net book value	94,146	7,928	1,538	103,612	98,402

Note:

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

Independent professional valuations of the properties of the Board were undertaken in June 2007, and put the market value at \$87.4 million.

8. Investment Properties

	2008 \$'000	2007 \$'000
Scarborough Mall	11,571	11,155
Huggins Building	15,000	15,000
Nipdec House	36,000	36,000
Queen's Park East	66,060	60,000
Palmiste Property	15,000	15,000
	<u>143,631</u>	<u>137,155</u>

9. Employee Benefits

The amounts recognised in the balance sheet are as follows:

	2008 \$'000	2007 \$'000
Defined benefit obligation	410,242	333,902
Fair value of assets	(709,047)	(604,417)
Benefit surplus	(298,805)	(270,515)
Unrecognised actuarial gains	6,261	3,643
Defined benefit asset	(292,544)	(266,872)

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

Current service cost	7,995	7,592
Interest on defined benefit obligation	28,425	26,329
Expected return on plan assets	(59,212)	(57,819)
Net pension income	(22,792)	(23,898)

Movements in the net asset recognised in the balance sheet are as follows:

Net asset at July 1	(266,872)	(241,124)
Net income recognised in the revenue and expenditure accounts	(22,792)	(23,898)
Contributions	(2,880)	(1,850)
Net asset at June 30	(292,544)	(266,872)

Actual return on pension plan assets:

Expected return on pension plan assets	59,212	57,819
Actuarial gain on pension plan assets	58,361	(39,152)
Actual return on pension plan assets	117,573	18,667

Principal actuarial assumptions at the balance sheet date:

	2008 %	2007 %
Discount rate	8.75	8.75
Expected return on pension plan assets (net of investment expenses)	9.60	9.90
Rate of salary increases	8.00	8.00
Pension increases	3.00	3.00

10. Investment in Subsidiary Companies

The investments in NIPDEC and TTMF are carried at cost as at June 30, 2008

	2008 \$'000	2007 \$'000
NIPDEC	25,000	25,000
TTMF	7,190	7,190
	32,190	32,190

11. Investments Held-to-Maturity

Government and public sector investments
Corporate securities

2008
\$'000

2007
\$'000

3,416,803

3,575,917

3,497,889

3,344,248

6,914,692

6,920,165

Held to maturity investments earn interest at rates varying between 5.0% and 12.65% (2007: 1.88% to 12.6%).

12. Mortgage Advances

Gross Mortgage Advances
Provision for non-performing advances

184,914

208,079

(101,102)

(112,740)

83,812

95,339

Mortgage advances earn interest at an average effective rate of 8.05% (2007: 8.05%).

13. Investments Available-for-Sale

Equities:

- Quoted
- Unquoted

5,544,388

5,652,540

143,240

140,487

5,687,628

5,793,027

14. Other Assets

Investment income receivable
Sundry debtors
Prepayments
Contributions receivable

191,690

210,583

14,350

12,180

136,276

78,500

196,837

122,808

539,153

424,071

15. Cash and cash equivalents

Cash and Bank
Cash equivalents (TT)
Cash equivalents (US)

711,965

58,636

564,737

154,212

1,403,327

185,268

2,680,029

398,116

16. Long-Term Benefits Fund

This Fund is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits in respect of qualifying persons.

17. Short-Term Benefits Fund

This Fund is held to cover sickness and maternity benefits and funeral grants in respect of qualifying persons.

18. Employment Injury Benefit Fund

This Fund is held to cover employment injury benefits to eligible insured persons.

19. Accumulated Reserve

	2008 \$'000	2007 \$'000
Balance of reserve at July 1	3,248,429	2,309,759
Transfer to long-term benefits fund	(2,369,051)	810,971
Transfer from short-term benefits fund	98,554	46,412
Transfer (to)/from employment injury benefit fund	83,492	81,287
Other	1,416	—
	<u>1,062,840</u>	<u>3,248,429</u>
Balance of reserve at June 30		

20. Revaluation Reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties, and available-for-sale investments as follows:

	Properties \$'000	Available- for-sale \$'000	Total 2008 \$'000	Total 2007 \$'000
Balance as at July 1	52,765	1,453,270	1,506,035	1,642,599
Movement for the year	—	198,317	198,317	(136,564)
Balance as at June 30	<u>52,765</u>	<u>1,651,587</u>	<u>1,704,352</u>	<u>1,506,035</u>

21. Other Liabilities

	2008 \$'000	2007 \$'000
Bank overdraft	7,206	8,334
Sundry creditors and accruals	38,525	17,603
Construction cost payable	—	26,642
Unallocated mortgage payments	3,877	3,777
Provision for claims	13,601	2,790
Provision for other payables	9,473	20,794
Accrued Interest	—	9,487
	<u>72,682</u>	<u>89,427</u>

22. Borrowings

Secured borrowings

	2008 \$'000	2007 \$'000
Secured borrowings	—	385,000
Salaries and other related expenses	77,655	68,743
Depreciation	4,013	5,654

23. Administration and Investment Expenses

Included therein are the following charges:

Salaries and other related expenses
Depreciation

In 2008 administrative expenses amounted to 4.40% (2007: 6.3%) of contribution income and this did not exceed the limit established by the Board of 9.5%.

24. Contingent Liabilities

(a) *Pending litigation and outstanding appeals*

As at June 30, 2008 there were certain legal proceedings outstanding against the Board. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

(b) *Industrial relations*

Negotiations for the new Industrial Agreement for the period January 1, 2008 to December 31, 2010 are currently in progress.

Capital projects approved and contracted as at June 30, 2008 amounted to \$0.5 million (2007: \$4.785 million).

26. Related Party Transactions and Balances

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

The following table provides the total amount of balances and transactions, which have been entered into with related parties who have significant influence over the Board for the relevant financial year/period.

(i) *Transactions with related parties*

During the years ended June 30, 2008 and 2007, the Board carried out the following significant transactions with related parties during the course of normal operations:

	2008 '000	2007 \$'000
Bonds and debentures	1,165,838	808,613
Interest receivable	18,466	14,594

26. Related Party Transactions and Balances (continued)

(ii) Balances due from related parties

The amounts due from related companies comprise the following:

	2008 \$'000	2007 \$'000
Interest on Bonds and Debentures	68,901	53,267
Dividends	7,580	8,122
Agency management fees	(186)	(201)

27. Financial Risk Management

Overview

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

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

- Credit Risk
- Liquidity Risk
- Market Risk
 - Interest rate
 - Foreign exchange risk.

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

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

The Investment Unit

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

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

The Investment Committee

The role of the IC is to review the results of the due diligence exercises conducted by the IMU. Decisions/recommendations are submitted to the Board of Directors for ratification.

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

27. Financial Risk Management (continued)

Credit Risk

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

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

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

Liquidity Risk

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

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

Market Risk

Interest rate risk

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

Currency risk

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

The TT dollar is pegged to the US dollar and this managed float has been there for some time. The TT economy is quite strong and there appears to be no threat of devaluation or appreciation of the TT dollar against the US Dollar.

However, the balances held in US dollars are monitored on a daily basis by the Investment Unit.

27. Financial Risk Management (continued)

Credit risk

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

	Loans and Advances		Investment Securities	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Mortgages				
Gross amount	<u>184,914</u>	<u>208,079</u>	<u>13,083</u>	<u>13,232</u>
Collectively Impaired				
Gross amount	97,140	99,710		
Allowance for impairment	<u>(73,520)</u>	<u>(81,170)</u>		
Carrying amount	<u>23,620</u>	<u>18,540</u>		
Past due but not impaired				
Gross amount	<u>50,830</u>	<u>67,650</u>		
Past due comprises				
30-60 days	22,760	25,830		
61-90 days	4,260	5,470		
91-180 days	5,060	11,030		
Over 180 days	18,750	25,320		
Allowance	<u>(27,570)</u>	<u>(31,560)</u>		
Carrying amount	<u>23,260</u>	<u>36,090</u>		
Neither past due nor impaired				
Gross amount	<u>36,930</u>	<u>40,710</u>	<u>13,083</u>	<u>13,232</u>

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

27. Financial Risk Management (continued)

Credit risk (continued)

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

	2008 \$'000	2007 \$'000
Mortgages:		
Provisions as at July 1	112,740	129,608
Movement for the year	(11,638)	(16,868)
Provisions as at June 30	101,102	112,740

There were no impaired bonds in the financial year (2007: \$0).

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

Concentration by sector

Corporate	3,518	3,342
Foreign Investment	1,580	519
Sovereign	3,397	3,578
Equity	4,588	5,793
	13,083	13,232

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

Concentration by location

Trinidad	11,503	12,773
Regional	80	80
International	1,500	379
	13,083	13,232

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

	TT \$'000	US \$'000	Total \$'000
As at June 30, 2008			
ASSETS			
Cash and cash equivalents	648,932	2,031,097	2,680,029
Investment securities			
Available for sale	4,606,744	1,080,884	5,687,628
Fair value through profit and loss	—	480,737	480,737
Held to maturity	6,229,431	685,261	6,914,692
TOTAL ASSETS	11,485,107	4,277,979	15,763,086
LIABILITIES	7,206	—	7,206
Net position	11,477,901	4,277,979	15,755,880

27. Financial Risk Management (continued)

Credit risk (continued)

	TT \$'000	US \$'000	Total \$'000
As at June 30, 2007			
ASSETS			
Cash and cash equivalents	16,922	381,194	398,116
Investment securities			
Available for sale	5,729,414	63,613	5,793,027
Fair value through profit and loss	—	519,011	519,011
Held to maturity	6,164,856	755,309	6,920,165
Total Assets	11,911,192	1,719,127	13,630,319
LIABILITIES	8,334	—	8,334
Net position	11,902,858	1,719,127	13,621,985

Liquidity risk

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

	Up To One year \$'000	One to Five Years \$'000	Over Five Years \$'000	Total \$'000
As at June 30, 2008				
ASSETS				
Cash and cash equivalents	2,680,029	—	—	2,680,029
Other assets	539,153	—	—	539,153
Employee benefits	—	—	292,544	292,544
Investments held to maturity	1,038,259	2,394,211	3,482,222	6,914,692
Mortgage advances	2,813	32,547	48,452	83,812
Investments available for sale	—	1,018,628	4,669,000	5,687,628
Investments at fair value	—	480,737	—	480,737
Total Assets	4,260,254	3,926,123	8,492,218	16,678,595
LIABILITIES				
Other liabilities	72,682	—	—	72,682
Long-term benefits	1,877,000	7,508,000	4,356,977	13,741,977
Short-term benefits	122,644	—	—	122,644
Employment injury benefits	71,400	283,915	—	355,315
Total Liabilities	2,143,726	7,791,915	4,356,977	14,292,618
Net Liquidity Gap	2,116,528	(3,865,792)	4,135,241	2,385,977

27. Financial Risk Management (continued)

Liquidity risk (continued)

	Up To One year \$'000	One to Five Years \$'000	Over Five Years \$'000	Total \$'000
As at June 30, 2007				
ASSETS				
Cash and cash equivalents	398,116	—	—	398,116
Other assets	424,071	—	—	424,071
Employee benefits	—	—	266,872	266,872
Investments held to maturity	208,213	2,306,363	4,405,589	6,920,165
Mortgage advances	8,051	35,359	51,929	95,339
Investment available for sale	—	—	5,793,027	5,793,027
Investments at fair value	—	—	519,011	519,011
Total Assets	1,038,451	2,341,722	11,036,428	14,416,601
LIABILITIES				
Other liabilities	89,427	—	—	89,427
Long-term benefits	1,374,198	5,496,792	2,245,184	9,116,174
Short-term benefits	98,116	24,114	—	122,230
Employment injury benefits	44,414	177,656	76,558	298,628
Total Liabilities	1,606,155	5,698,562	2,321,742	9,626,459
Net Liquidity Gap	(567,704)	(3,356,840)	8,714,686	4,790,142

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

27. Financial Risk Management (continued)

Interest rate risk

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

	Average Effective Rate %	Up To One Year \$'000	One to Five Years \$'000	Over Five Years \$'000	Non- Interest Bearing \$'000	Total \$'000
As at June 30, 2008						
ASSETS						
Property, plant and equipment		—	—	—	103,612	103,612
Investment properties		—	—	—	143,631	143,631
Pension benefits		—	—	—	292,544	292,544
Investment in subsidiary		—	—	—	32,190	32,190
Investments held to maturity	8.80	976,727	2,380,092	3,311,027	—	6,667,846
Investments held to maturity	8.75	61,531	14,120	171,195	—	246,846
Investments available for sale		—	—	—	5,687,628	5,687,628
Mortgage advances		—	—	—	83,812	83,812
Investments at fair value		—	—	—	480,737	480,737
Cash	2.00	711,965	—	—	—	711,965
Cash equivalent	7.00	1,968,064	—	—	—	1,968,064
Other assets		—	—	—	539,153	539,153
Inventory		—	—	—	101,782	101,782
Total Assets		3,718,287	2,394,212	3,482,222	7,465,089	17,059,810
LIABILITIES						
Other Liabilities		—	—	—	72,682	72,682
Total Liabilities		—	—	—	72,682	72,682
Net Gap		3,718,287	2,394,212	3,482,222	7,392,407	16,987,128

27. Financial Risk Management (continued)

Interest rate risk (continued)

	Average Effective Rate %	Up To One Year \$'000	One to Five Years \$'000	Over Five Years \$'000	Non- Interest Bearing \$'000	Total \$'000
As at June 30, 2007						
ASSETS						
Property, plant and equipment		—	—	—	98,402	98,402
Investment properties		—	—	—	137,155	137,155
Pension benefits		—	—	—	266,872	266,872
Investment in subsidiary		—	—	—	32,190	32,190
Investments held to maturity	9.00	208,215	2,298,572	4,163,227	—	6,670,014
Investments held to maturity	8.75	57,295	7,791	185,065	—	250,151
Investments available for sale		—	—	—	5,793,027	5,793,027
Mortgage advances		—	—	—	95,339	95,339
Investments at fair value		—	—	—	519,011	519,011
Cash	2.00	58,636	—	—	—	58,636
Cash equivalent	5.50	339,480	—	—	—	339,480
Other assets		—	—	—	424,071	424,071
Inventory		—	—	—	70,231	70,231
Fixed deposits		—	—	—	1,344	1,344
Total Assets		663,626	2,306,363	4,348,292	7,437,642	14,755,923
LIABILITIES						
Other liabilities		89,427	—	—	—	89,427
Borrowings	7.00	385,000	—	—	—	385,000
Total Liabilities		474,427	—	—	—	474,427
Net Gap		189,199	2,306,363	4,348,292	7,437,642	14,281,496

28. Financial Instruments

Fair value

The estimated fair values of certain financial instruments have been determined using available market information, and accordingly, the estimates presented here are not necessarily indicative of the amounts that the Board could realise in a current market exchange.

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

As stated in Note 5 (f), available-for-sale investments and investments at fair value through profit and loss are measured at their fair values based on quoted market prices.

Held-to-maturity investments are carried at amortised cost less any impairment losses. This includes government securities and other bonds, which have interest rates that vary between 1.88% and 12.6%, and maturity dates which vary between years 2008 to 2030.

Mortgages advances are net of specific and other provisions for impairment. The carrying value of performing advances is assumed to be equal to the estimated fair value as the inherent rates of interest in the portfolio approximate market conditions.

	2008	
	Carrying Value \$'000	Fair Value \$'000
Assets		
Investments held to maturity	6,914,692	6,987,183
Investments available for sale	5,687,628	5,687,628
Investments at fair value through profit and loss	480,737	480,737
Mortgage advances	83,812	83,812
Cash and cash equivalents	2,680,029	2,680,029
Other assets	539,153	539,153
Liabilities		
Other liabilities	72,682	72,682
	2007	
	Carrying Value \$'000	Fair Value \$'000
Assets		
Investments held to maturity	6,920,165	7,018,792
Investments available for sale	5,793,027	5,793,027
Investments at fair value through profit and loss	519,011	519,011
Mortgage advances	95,339	95,339
Fixed deposits	1,344	1,344
Cash and cash equivalents	398,116	398,116
Other assets	424,071	424,071
Liabilities		
Other liabilities	89,427	89,427
Borrowings	385,000	385,000

29. Staff Complement

The staff complement as at June 30, 2008 was 599 (2007: 614).

NIS Benefits

- Sickness Benefit
- Maternity Allowance
- Maternity Grant
- Special Maternity Grant
- Employment Injury Allowance
- Employment Injury Medical Expense
- Employment Injury Disablement Pension
- Employment Injury Disablement Grant
- Employment Injury Death Benefit Widow
- Employment Injury Death Benefit Widower
- Employment Injury Death Benefit Child
- Employment Injury Death Benefit Dependent Parent
- Invalidity Benefit
- Retirement Pension
- Retirement Grant
- Survivors Benefit Widow
- Survivors Benefit Widower
- Survivors Benefit Child/Orphan Allowance
- Survivors Benefit Dependent Parent
- Remarriage Grant
- Funeral Grant

NIB Locations

HEAD OFFICE

NIB House, Cipriani Place
2A Cipriani Boulevard
Port of Spain
Tel: 625-2171/8
Fax: 627-1787
NIB Hotline: 663-4NIS (4647)
Email: nib@nibtt.co.tt
Website: www.nibtt.co.tt

Human Resources

87 Duke Street
Port of Spain
Tel: 625-2171/8
Fax: 624-8595

Records Department

Arima
Chaguaramas
Tunapuna

SERVICE CENTRES

Arima

Cor. Woodford and
Sorzano Streets
Tel: 667-2231/3
Fax: 664-0844

Barataria

35-36 Fifth Street
Tel: 638-3522, 675-3321
Fax: 674-6497

Chaguanas

Elenore St
Chaguanas
Tel: 665-5848/5188
Fax: 665-5188

Couva

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

Point Fortin

7A Techier Main Road
Tel: 648-3128
Fax: 648-3128

Port of Spain

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

Princes Town

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

Rio Claro

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

Sangre Grande

Henderson Street
Tel: 668-2719
Fax: 668-2719

Siparia

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

South Regional

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

St. James

76 Western Main Road
Tel: 622-4013, 1438
Fax: 628-8340

Tunapuna

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

Tobago

NIB Mall
Scarborough
Tel: 639-3842/3, 2135
Fax: 639-3843

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