



# ANNUAL REPORT 2023

**EMBRACING  
PENSION REFORM**  
TO SECURE OUR FUTURE





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# What Inspires

To provide sustainable social security and to promote social and economic development in St. Vincent and the Grenadines through prudent financial and people-centered management.

## Our Vision

To be an institution that recognises, assesses and responds to changing environmental trends and provides sustainable social security that adequately reflects our value system and satisfies our customers' needs.

## Our iCARE Model

### **Integrity**

The inner sense of wholeness deriving from qualities such as honesty and consistency of character.

### **Commitment**

The state or quality of being dedicated to a cause.

### **Accountability**

Owning the consequences of one's choices in delivering the agreed results and helping other people to do the same.

### **Respect**

recognising the value of people, work environment and one's self.  
The way you treat others.

### **Empathy**

one's ability to understand and share the feelings of another.







# Minister's *Message*

It is a distinct honour, as Minister responsible for Social Security, to endorse the work of the National Insurance Services (NIS) of St. Vincent and the Grenadines (SVG) for the year 2023. Commendations must specifically be given for its strategic communications campaign, which highlighted the urgent need for pension reform to secure the future of our country's most vulnerable citizens.

The NIS is one of SVG's largest mobilisers of funds and savings; it is, therefore, essential that we carefully examine the key issues surrounding the current social security system and the critical need for policy reforms. To address this matter effectively, the NIS undertook significant efforts to raise public awareness by staging invaluable stakeholder consultations to engage, educate and empower social security benefit recipients and the broader population. This was critical, as we needed our people to understand the urgency for implementing measures to protect beneficiaries and contributors from economic and social hardship in the future.

Equally important was the need to reassure employers and employees of the importance of developing long-term sustainable policies. This approach aligns with our strategic objective to build a sustainable, agile, focused, efficacious, and rights-based (SAFER) NIS, ensuring

that the system remains resilient and responsive to the needs of all stakeholders.

## **Stakeholder Engagement and Support**

Over its thirty-seven-year history, the NIS has built a positive reputation, and it is essential to maintain the public's trust in the institution by adapting to evolving social and economic challenges. Increasingly, businesses are embracing sustainability as a core principle, adjusting their strategies to ensure they remain competitive in this new economic landscape. For the NIS as well, change toward sustainability is not only necessary but imperative, as it is pivotal to ensuring that the institution continues to serve Vincentians effectively.

Central to this process of organisational change and reform is the involvement of all stakeholders, both internal and external. This is particularly relevant for the NIS, as social security touches every citizen, and many of them rely on its pensions as their primary source of income. For some of the most vulnerable members of our society, NIS benefits represent their sole means of financial support during retirement. Achieving sustainability for the NIS, therefore, depends significantly on the active participation and cooperation of all stakeholders.



Some of the key stakeholders are contributors and beneficiaries, employees, the Board of Management, and the Government. While each of these groups plays an important role, their diverse interests and goals can pose challenges for management in maintaining a balanced approach. Fortunately, most stakeholders recognise the importance of change and are supportive of sustainability initiatives. However, there are some who resist these efforts and act as inhibitors to the reform process, failing to act in the best interest of the nation or the greater good.

The Management of the NIS sought to address such challenges through engagement, education, and empowerment of key stakeholders on the rationale behind the reform initiatives and the benefits they would bring. I am pleased to hear that these efforts have generally yielded positive results and that the majority of stakeholders have expressed support for the proposed changes.

### Change Strategies to Ensure Sustainability

Given the pressing need to ensure the timely payment of benefits to pensioners and to secure future payments for current contributors, financial sustainability must remain a key policy priority for the NIS.

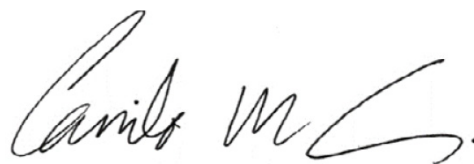
As the National Insurance Fund matures, it continually faces increasing financial pressure, particularly regarding benefit payments. A major factor contributing to this strain was the low contribution rate maintained up to 2023, coupled with the generous structure of the benefits. This challenge was a primary driver behind the decision to pursue comprehensive reforms. We, however, through consultation decided that the best course of action for our stakeholders is an incremental introduction of reform measures beginning in 2024.

Simultaneously, the NIS' management is expected to explore all avenues to strengthen its contribution collections, optimise investment opportunities by focusing on safety, liquidity, and yield, and pursue strategies to broaden coverage for self-employed individuals and those in the informal sector.

By addressing these issues, the NIS aims to enhance its long-term financial stability and ensure that it can continue to fulfil its commitments to both current and future beneficiaries.

### Looking Ahead

I extend my sincere gratitude to the Board, Management, and staff of the NIS for their dedication and efforts over the past year in maintaining the NIS' position as a pillar of strength within the financial landscape of our country. As the Minister responsible for social security, I look forward to our collaboration as you continue to build a strong coalition of supporters while executing a clear and compelling vision and strategy to secure our future together. Your commitment to consistently communicating the need for reform, consolidating the significant progress made thus far, and embedding new approaches into the culture of the NIS is invaluable. Together, we will ensure the NIS remains a sustainable and trusted institution for generations to come. ♦



**Hon. Camillo M. Gonsalves**

Minister of Finance with responsibility for  
National Insurance









NIS Chairman, Lennox Bowman and NIS Director, Stewart Haynes in conversation with pensioners at the Pensioners Appreciation Day.



# Chairman's *Message*



As Chairman of the National Insurance Services (NIS) in St. Vincent and the Grenadines (SVG), I am honoured to introduce the NIS' annual report for the fiscal year 2023. This document outlines the key initiatives and reforms being implemented within the NIS to secure a sustainable future, including pension reform, which aligns with our efforts to build a sustainable, agile, focused, efficacious, and rights-based (SAFER) NIS.

At the NIS, we see social security as the cornerstone of our country's welfare policies, providing financial support to individuals during periods of vulnerability. We recognise that a well-functioning social security system also plays a role in reducing poverty, providing economic stability, and enhancing social cohesion. Our NIS certainly lives up to that role, and its operations are in keeping with the International Labour Organisation's principles of social security, which emphasizes universal coverage, adequate benefits, non-discrimination, and financial sustainability.

Since 1987, the NIS has been at the forefront of efforts to assist those in need and facilitate the country's development. The NIS has been providing short- and long-term benefits, including pensions, survivors' invalidity, maternity benefits, and sickness benefits.

Cognizant of the need to operate a comprehensive social security system, we are also working assiduously to introduce an unemployment benefit component.

## **Reform Initiative**

Our NIS is funded by contributions from both current contributors and their employers, operating on a risk-pooling principle that protects individual members against potential losses of income. Up to 2023, the NIS was on an unsustainable trajectory due to the high and generous benefits payments and the moderate contribution rate of 10 percent financed by employers and employees. This situation was untenable. It necessitated pension reform to achieve adequate funding to enable the NIS to fulfil its mandate of providing contributory and non-contributory pensions as well as its short-term benefit payments as stipulated in the NIS Act Cap 229 in the Revised Laws of SVG.

It is a truism that to significantly increase pension reserves necessitates a mix of additional contributions, investments, or both. Currently, the NIS operates on a pay-as-you-go basis, which, if properly funded, can adequately support the financial needs of working-age individuals, retirees, and other beneficiaries. The NIS'



10 percent contribution rate was sufficient to meet the needs of the benefit population up to the year 2013, but with the demographic changes in life expectancy, the NIS' Board and Management had to focus on rectifying the perennial funding shortfalls by adjusting the parameters to match the changing circumstances of target beneficiaries. It was this phenomenon that propelled the NIS to launch a reform initiative aimed at increasing income and enhancing social cohesion, and we wholeheartedly adopted and embodied the campaign slogan, 'Embracing pension reform to secure our future together'.

To make the process transparent, the NIS Management embarked on a strategic communications campaign to engage, educate, and empower stakeholders on the services of the institution and the critical need for pension reform to maintain its viability. Moreover, the Board and Management consulted with Independent Actuary Mr. Derek Osborne, who reinforced the necessity for reform. In the 12th Actuarial Review of the National Insurance Fund, he indicated that the NIS needed to undertake parametric reform to maintain its financial viability. The reform measures included increasing the contribution rate (shared by employers and employees) by one percent each year starting in 2023 until it reaches 15 percent by 2027, reducing the maximum pensionable age, increasing the invalidity pensions percentage rate from 55 percent to 60 percent, eliminating early-age pensions to persons who are still working and gradually increasing the age at which reduced age pensions are awarded.

### Changes in other NIS parameters

To further enhance the NIS' financial viability, the Board is fully supporting the NIS' Management in their efforts to digitally transform all the departments and services. The aim is to improve its operations, enhance customer service and enable cost efficiency by eliminating manual and duplicate processes.

As the fiscal space in SVG continues to dwindle, of utmost importance, too, is the need for the NIS to run an inclusive programme funded with contributions from

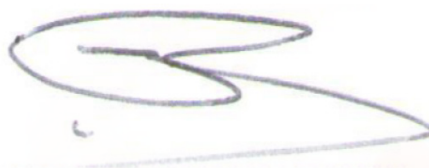
all citizens, including workers in the informal sector and self-employed individuals. This will redound to the benefit of the NIS and its beneficiaries. The Board commits to working with the NIS Management to lobby the Government to put the requisite legislation in place to facilitate this process.

Additionally, on the investment side, the NIS Management, along with the Investment Committee, will continue to develop clear investment programmes and policies focused on safety, liquidity, and yield to minimise risks and bolster the return on investments.

### Conclusion

In closing, I wish to reiterate that the NIS remains a vital part of the socioeconomic landscape in SVG, offering protection for its members through a range of benefits that address economic and social distress that may arise from the loss or substantial reduction in earnings. In 2023, we made significant strides in promoting the need for the NIS to shift from an unsustainable path to reforming to a more sustainable trajectory.


I also wish to express my sincere thanks to my fellow Directors, the Management and staff of the NIS and other stakeholders for your continued support and interest in the well-being of the NIS, which, by extension, will benefit all Vincentians. As we move forward, you can rest assured that the Board is dedicated to maintaining the integrity and viability of our social security system. ♦



**Lennox A. Bowman**

Chairman  
National Insurance Board





NIS Director, Stewart Haynes presenting at one of the Pension Reform Consultations.





NIS staff participating in a monthly sneaker day activity geared towards promoting healthy lifestyle practices.





# Director's Report

*A year of*

**Engagement, Education and Empowerment**



## 1.0 Engaging Our Stakeholders

The year 2023 marked a significant milestone in the annals of the National Insurance Services (NIS). It was a year of extensive engagement, education, and empowerment of our stakeholders on social security services, pension reform, and how we must move forward to secure the future of our people together. For the first time in our history, the NIS opened our doors, hearts, and minds for an entire year to lead a national strategic communications campaign geared at building transparency in our operations and trust in our processes.

The staff and I, therefore, traversed the length and breadth of St Vincent and the Grenadines (SVG) not only to educate stakeholders about social security but also to listen to their pain points to find out how we could design instruments that best meet the needs of our people. We, therefore, met with the Government, the Parliamentary Opposition, social partners, employers, employees, civil society, and the public using multiple communication channels. Our extensive and inclusive engagement was underpinned by the International Social Security Association's (ISSA) good governance

principles of participation, inclusiveness, accountability and transparency.

Our messaging was not only geared towards educating our stakeholders about their rights and the NIS' operations and services, but also at giving stakeholders an appreciation of the internal and external factors that shape our current and future operational trajectories. We were deliberate in our efforts to use as many communications channels as possible to reach our stakeholders where they were at, to ensure that our messages reached and resonated with them, empowering them with the knowledge they needed to support reform to secure our future together.

From the substantial documented feedback received, our efforts bore fruit. Vincentians showed extraordinary solidarity and support regarding ensuring that their principal social safety net remains viable now and, in the future, embodying our slogan, *"Embracing pension reform to secure our future together"*.

This report on our performance is rooted then in the strides we made in 2023 in engaging stakeholders and the fiscal prudence with which we navigated yet another trying economic year.



## 2.0 NIS Educating Stakeholders

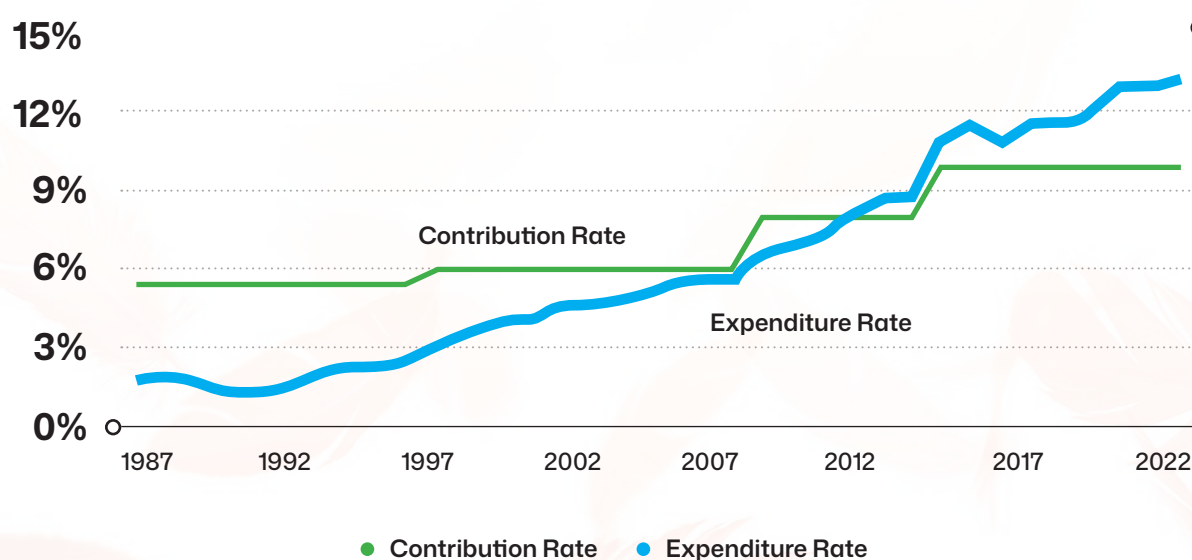
Recognising that the success of our engagements hinged on the substance of our delivery, we made a deliberate effort to educate our stakeholders on the following:

- ◆ Our Past Financial and Actuarial Performance (1987-2022).
- ◆ Our Current Financial and Actuarial Performance (2023).
- ◆ The projected Financial and Actuarial Performance (2024-2082).
- ◆ The principal factors shaping the financial and actuarial trajectories of the Fund.
- ◆ Our strategic responses to shape a resilient and sustainable social security system.

### 2.1 Past Financial and Actuarial Performance (1986-2022)

Total expenditure rate has increased faster than contributions, exceeding them since 2011 (Figure 1). Therefore, contribution income has not fully financed the benefits since 2011. Between 2011 and 2022, the NIS' reserves faced increasing pressure, resulting in investment income and a proportion of assets being used to fund total expenditures. This has been the story for most CARICOM social security systems. Unless the contribution rate is increased, the deficits must be financed by liquidating a proportion of the NIS' reserves. Accordingly, more resources will have to be transferred from the labour market's active participants (the contributors) to the pensioners, which is unsustainable.

**Figure 1:**  
**Contribution and Expenditure Rates**





**The main factors that shaped the evolution of the financial health of the NIS are:**

1. The ratio of contributors to pensioners decreased over the operation period. For instance, the number of contributors supporting one pensioner moved from 10 in 2002 to 5.1 in 2022, representing a material and onerous demographic shift that creates significant financial strain on the social security system.
2. The contribution rate remained relatively low since the NIS' inception. The plan started at the lowest contribution rate in the region of 5.5% and slowly increased to 10% in 2014. The current rate of 10% is still below the OECS average rate of 13%.
3. The generous benefits design, with a high percentage replacement rate of 60% and a front-loaded accrual rate means that insured persons are entitled to a higher annual percentage of pension in their early contributions (2% per year in the first 15 years) compared to their later contributions (1% per year after 15 years).
4. In the first 20 years of the NIS' operations (1987-2007), the parametric reform changes focused on increasing benefits while keeping the contribution rate constant. As such, the delays in increasing contribution rates in the plan's early years brought with it significant sustainability challenges.
5. The introduction of the generous early-age pension option in 2014 has fuelled faster growth in benefits relative to contribution income.

## 2.2 Current Financial and Actuarial Performance (2023)

During the fiscal period 2023, the NIS performed credibly in providing social security services to the people of SVG. The NIS now boasts a social security coverage rate of approximately 50% of the national population. Also, at the end of the review period, our asset base stood at \$476 million, representing about 20% of GDP.

Notwithstanding our fiscal deficit position (where total expenses exceeded total income), the NIS recorded a solid financial performance in 2023. We embarked on robust revenue mobilisation strategies, cost rationalisation initiatives, and prudent investment management strategies to improve our financial performance relative to the previous period.

However, with no changes in the contribution rate and no further adjustments to the design of the social security benefits programme, the historical financial trend continued in 2023, with total expenditures growing faster than total income. This meant that employee contributions were insufficient to generate any reserves, given that expenditures exceeded contribution income. Consequently, the NIS financed its 2023 expenditures using all contribution income, all investment income and a small proportion of assets. The matrix below summarises the financial performance in 2023 relative to 2022. It shows an improved financial position in 2023 relative to 2022. This was no mean feat in this volatile contextual environment. However, Management's astute leadership and a pragmatic strategic plan buttressed the Fund's performance.



## Matrix 1:

**Financial Performance Highlights (2023 vs 2022)**

Financial Variables	2022 (\$'M)	2023 (\$'M)	Factors Underpinning the Movements in the Financial Variables.
Contribution Income	73.4	76.1	<ul style="list-style-type: none"> <li>Insured population increased from 43,887 to 44,725</li> <li>Average insurable wages increased from \$25,198.00 to \$25,844.00</li> <li>Enhanced contribution collection and debt management strategies</li> </ul>
Investment Income	3.4	15.5	<ul style="list-style-type: none"> <li>Investment yield climbed from -0.6% to 4.9%.</li> <li>Strong recoveries in the international investment portfolio.</li> <li>Diversified investment portfolio.</li> </ul>
Total Income	76.8	91.6	<ul style="list-style-type: none"> <li>Improved contribution collections.</li> <li>Better debt collections.</li> <li>Enhanced investment income.</li> </ul>
Benefit Expenses	85.5	93.7	<ul style="list-style-type: none"> <li>Growth in pensions from \$79.3M to \$84.7M.</li> <li>Generous early-age pensions advanced from \$15M to \$19M.</li> <li>Number of early-age pensioners rose from 1,388 to 1,706.</li> </ul>
Administrative Expenses	11.3	10.7	<ul style="list-style-type: none"> <li>Promotion of a cost rationalisation culture.</li> <li>Prudent expenses management</li> <li>Robust procurement policy and procedures.</li> </ul>
Total Expenses	96.8	104.4	<ul style="list-style-type: none"> <li>Year-on-year growth in benefit expenses.</li> </ul>
Total Expenses Exceed total income	20	13	<ul style="list-style-type: none"> <li>The maturing nature of the plan coupled with the high dependency ratio (number of pensioners to one contributor).</li> </ul>

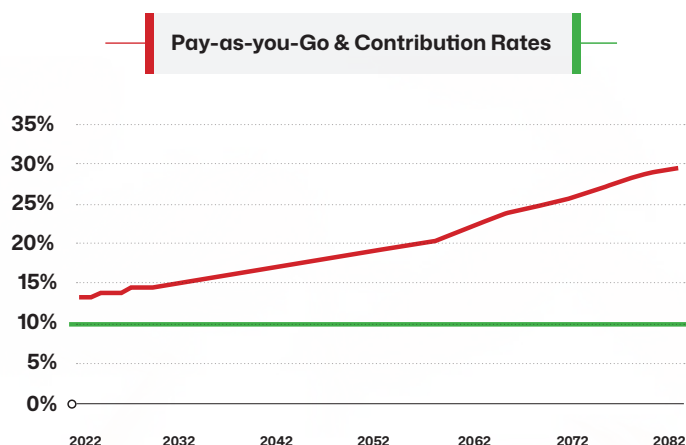


## 2.3 Projected Financial and Actuarial Performance (2024 to 2082)

In 2023, external actuary TELUS Health performed the 12th Actuarial Valuation of the National Insurance Fund as at December 31, 2022, three years after the 11th Actuarial Valuation. Whilst the actuarial report lauded the adequacy of the benefit provision, the diversity of the investment portfolio and improvement in administrative efficiency, it also strongly advised that the NIS faces similar challenges to other social security schemes across the Caribbean, in that the Fund is unsustainable in the long run at the current contribution rate and benefit provisions (Figure 2).

The 12th Actuarial Report predicts that based on its current design and benefit provisions with a contribution rate of 10%, expenditure will exceed contribution rates in all years causing the NIS to liquidate assets to meet liabilities. If there are no parametric changes over the 75-year projection period, the Fund is expected to be insufficient from 2035 and beyond. TELUS Health pointed out that if no major reforms are made soon, the Fund will experience cash flow challenges within 10 years. Careful parametric reforms however, can improve the Fund's financial sustainability.

**Figure 2:**  
**Projected expenditure rate and contribution rate**



### Highlights of Key Projection Results of the 12th Actuarial Valuation Report

Total expenditure will exceed total income in all years from **2025**.

The Fund is projected to be depleted between **2034** and **2040**.

The average long-term cost (general average premium) is projected between **16.8%** and **23.4%**.

The pay-as-you-go rate in the mid-2030s, when the Fund is projected to be exhausted, will be between **13.5%** and **17.5%**.

The number of contributors per pensioner will fall from **4.8** in 2022 to under **2.0** after 2072.

The long-term cost of **16.8%** to **23.4%** exceeded the contribution rate. Consequently, urgent reforms are needed to improve the financial sustainability of the Fund.





## 2.4 Principal Factors Shaping the Financial and Actuarial Trajectories of the Fund

The Fund's past, current, and projected financial and actuarial health are shaped by the plan's design weakness, the rapidly ageing population, and frequent economic and natural disaster shocks. Each of these factors is considered in turn below.

### 2.4.1 Design Weaknesses

Several design weaknesses such as the Fund's 10% contribution rate is significantly lower than regional and international averages, while it offers a relatively generous 60% replacement rate compared to emerging markets and OECD standards. Additionally, the front-loaded accrual rate favours workers with shorter contribution histories.

### 2.4.2 Rapidly Ageing Population

Rising life expectancy, declining fertility rates, and migration have created significant demographic challenges. The UN projects a sharp increase in the old-age dependency ratio starting in 2025, exceeding 0.5 by 2083, surpassing low- and middle-income country averages. The scheme's dependency ratio is expected to fall from 5.1 in 2022 to 1.7 by 2079. The population is projected to remain stable for 20 years before gradually declining, with a decrease in children and working-age individuals and an increase in the elderly. These demographic shifts threaten the future financial sustainability of the system.

### 2.4.3 Frequent Economic and Natural Disaster Shocks

The substance of the NIS' contributions is primarily influenced by developments within the local economy and labour market. In recent years, economic and environmental disruptions have adversely affected the pace and rate of economic growth, resulting in significant spillover effects on the labour market. Consequently, the local labour market has experienced elevated unemployment rates, increased levels of informality, and reduced labour force participation. These trends have presented substantial challenges to the financial sustainability of the Fund.

## 2.5 Strategic Response to Shape a Resilient and Sustainable Social Security System

In pursuit of our strategic goal to build a sustainable, agile, focused, efficacious and rights-based (SAFER) NIS, we have focused on parametric and administrative reform. In fiscal year 2023, the NIS promulgated its likely reform measures to achieve a financially sustainable, adequate, and affordable social security system.



## 2.5.1 Parametric Reform

The critical strategic imperative for the NIS would be to sustain public engagement on pension reform and the subsequent implementation of reasonable reform measures for the system's sustainability. In this regard, the Board and Management discussed the following reform package with stakeholders.

### To improve financial sustainability:

1. Increase the contribution rate gradually from 10% to 15% by 2030.
2. Change the current age pension to a retirement pension. This includes not awarding early-age pensions to those who have not retired. Early-age pensions would, therefore, only be paid on retirement or to older people with lower incomes rather than to everyone who claims before the pensionable age.
3. Increase the reduction factors that apply to early-age pensions from  $\frac{1}{2}\%$  per month (6% per year) to  $\frac{2}{3}\%$  per month (8% per year) to discourage early pensions.
4. Increase the reference wage period used to compute pension from the five best years to the seven best years of contributions.



### To improve benefit adequacy:

1. Increase insurable wages from \$1,000.00 per week (\$4,333.00 per month) to \$1,200.00 per week (\$5,199.96 per month).
2. Increase the minimum pension from \$70.00 to \$80.00 weekly.
3. Introduce a permanent unemployment benefit.



### To improve Coverage:

1. Enhance the marketing campaign to extend social security coverage to self-employed people.
2. Allow self-employed persons to qualify for Employment Injury Benefits.
3. Implement a new approach for self-employed and informal sector workers to pay contributions to the NIS quickly.





## 2.5.2 Administrative Reform/Strengthening

On the administrative reform, the NIS would continue its work in the following areas:

- 1 Fortify revenue mobilisation strategies by intensifying compliance surveillance among employers and continuing the application of legal remedies. Additionally, strengthening the strategic linkages with various stakeholders, including government agencies and financial institutions, to make compliance with the NIS' laws and regulations a condition to conduct business.
- 2 Strengthen our investment management function by further diversifying the investment portfolio across asset classes, economic sectors, issuers, and geographic regions. Also, accelerate the conversion of non-income-generating properties into income-generating properties.
- 3 Scale up our digital transformation programme by continuing to develop our new national insurance management system to improve service delivery, cost optimisation, operational resilience, and agility.





### 3.0 NIS Empowering Our Stakeholders

In 2023, the NIS continued to use social security as an empowerment programme to touch and transform the lives of Vincentians, by adopting the following initiatives that contributed to poverty reduction, income equality, and socio-economic stability.

- ◆ **Promoting Human Rights** – Access to social security is a fundamental human right, as the UN declares. As such, NIS' broadening coverage to employees, self-employed workers, and voluntary contributors reflected its commitment to ensuring all Vincentians have easy and efficient access to social security services.
- ◆ **Providing Financial Safety** – Provided income replacement via benefit payments to over 18,931 Vincentians for \$90.1 million compared to \$85.5 million in 2022. This includes safeguarding workers from loss of income due to sickness, employment injury and maternity leave by paying \$3.8 million to 8,825 persons and securing \$81.8 million in pension payments for our 9,358 pensioners, representing an increase of \$6.3 million over the previous period.
- ◆ **Promoting Income Equality** – Our social security systems' defined benefit nature promotes the income redistribution principle, where higher-income workers support lower-income workers. In the review period, the NIS ameliorated the living standard of 1,108 persons by topping up their actual pensions to the minimum pension level of \$70.00 per week.
- ◆ **Contributing to Poverty Alleviation** – The NIS maintained its non-contributory programme and paid 469 to 339 non-contributory pensioners. In addition, we continued to support the well-being and welfare of many Vincentians through monetary donations of less than 1% of the contribution income to health, education and housing programmes.
- ◆ **Supporting Economic Growth** – Our well-diversified investment portfolio ensured 51% of the investment portfolio remained invested in the local economy across Central Government (12%), Public Sector (excluding Central Government)- (7%) and private sector and financial institutions (32%). These funds support economic growth within the local economy. In addition, the investment strategies supported employment-creating initiatives through direct and indirect investments in the construction, financial and tourism sectors.
- ◆ **Advocating Good Governance Practices** – The Board and Management met our statutory deadlines in completing the audited financial statements of the National Insurance Services and the 12th Actuarial Valuation of the Fund, three years after the preparation of the 11th actuarial Valuation. Further, the NIS continued its engagement strategies to inform stakeholders of their rights and responsibilities under the National Insurance Act and Regulations.
- ◆ **Ensuring the Continuity of Social Security Services Amidst Crisis** – A Business Continuity Awareness Week was held for staff under the theme "*Embracing the Challenge of Resilience*". The theme was proposed by the Business Continuity Institute. Staff are now more aware of the fundamental principles of *Cyber Resilience, Supply Chain Resilience, Personal Resilience, Operational Resilience and Organisational Resilience*.
- ◆ **Living People** – Centric Customer Service- The NIS is recognised for its service excellence standards, and 2023 was no exception. We improved our digital offerings to ensure efficient payment of pensions (through the ACH platform), ease of submitting contribution records (through our enhanced e-submit services), user-friendly means of updating life certificates (through our WhatsApp facility) and a secure and confidential way of reporting non-compliance (through our NIS App).



## 4.0 Conclusion

The NIS remains committed to empowering stakeholders through transparent governance, proactive engagement, and sound financial management. Thanks to the dedicated support of our stakeholders and the prudent leadership of our Board, we have laid a strong foundation for effective pension reform and a secure future.

Moving forward, we will deepen our efforts to engage and educate our stakeholders, ensuring that everyone benefits from the security and stability that the NIS provides. Together, we will continue to protect and empower Vincentians in times of uncertainty, securing a sustainable future for generations to come.

## 5.0 Acknowledgements

I extend my deepest gratitude to the Government and the Parliamentary Opposition for their vital advocacy and commitment to advancing pension reform. I am also profoundly thankful to the Board and Staff for their steadfast support in crafting and implementing a comprehensive strategy that has guided our discussions on reform.

We are immensely grateful to our regional and international partners for sharing their expertise, best practices, and benchmarking insights, which have been invaluable on our reform journey.

To our employers, employees, youth, and all members of Vincentian national safety nets, we greatly appreciate the strong and constructive partnerships we share with you.

Together, we commend the active and responsible roles of the government, the Opposition, employers, employees, and the public in our shared mission to secure a sustainable future for all. ♦



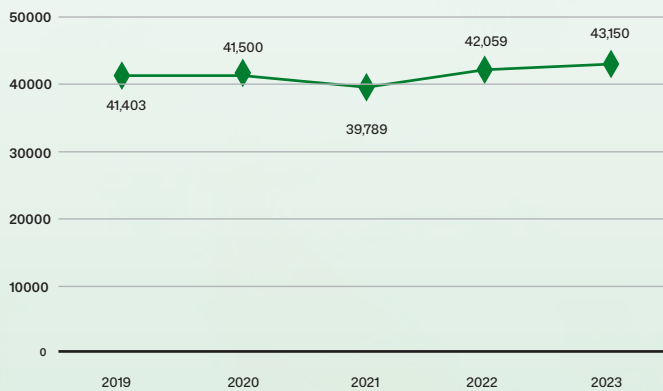
**Stewart K. Haynes**

Executive Director  
National Insurance Board



# NIS In Numbers

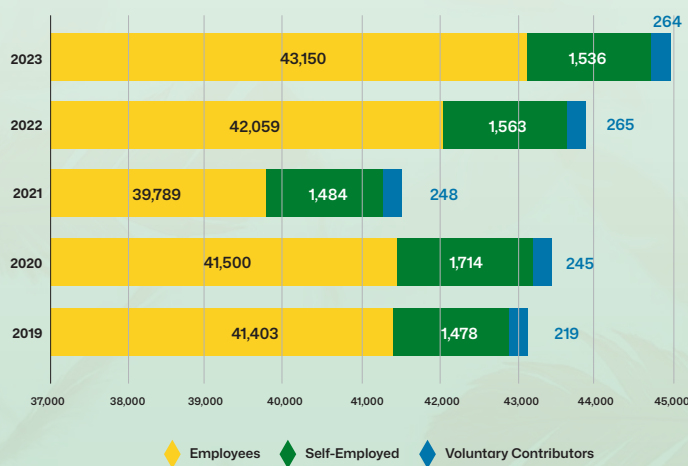
Insured Employees



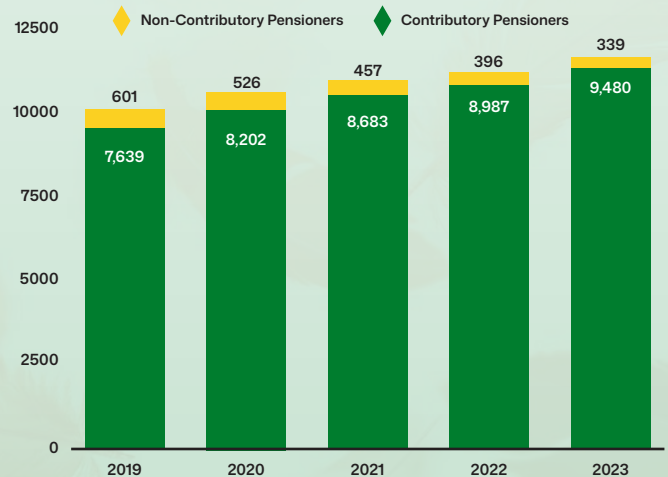
SE & VC



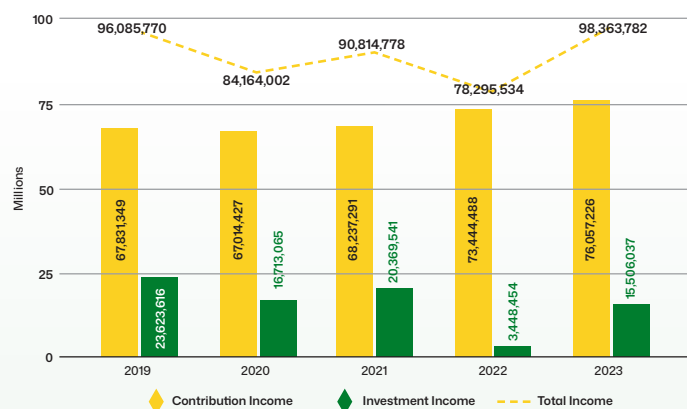
Insured Persons



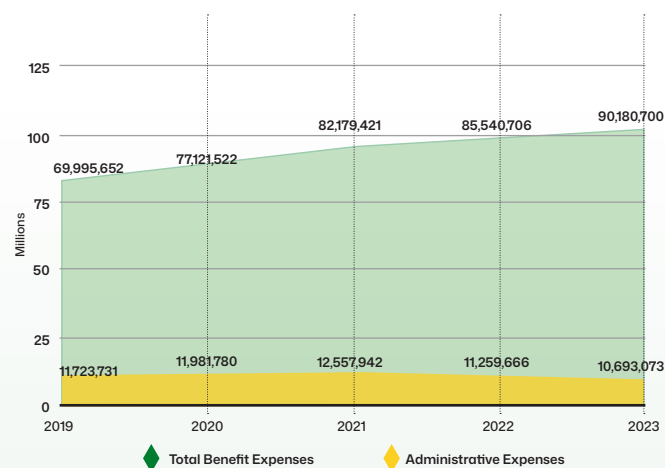
Total Pensioners



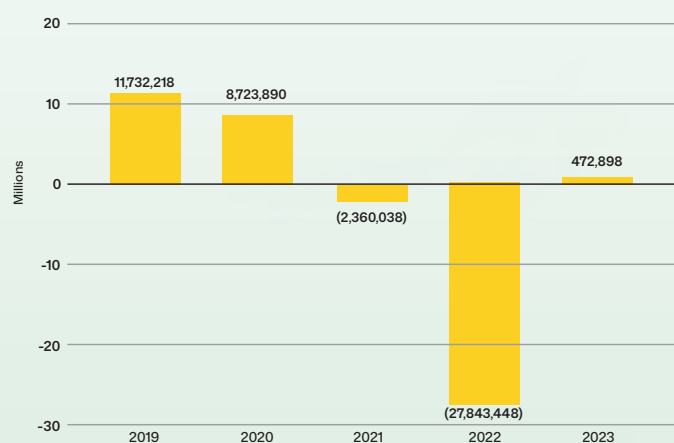
NIS Income from 2019 - 2023



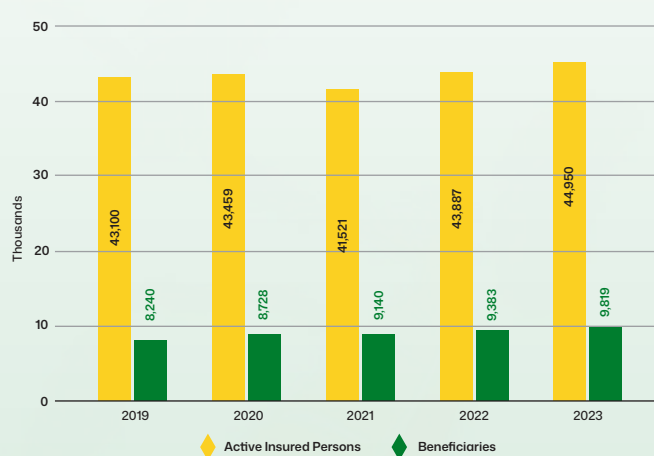
NIS Expenditure from 2019-2023



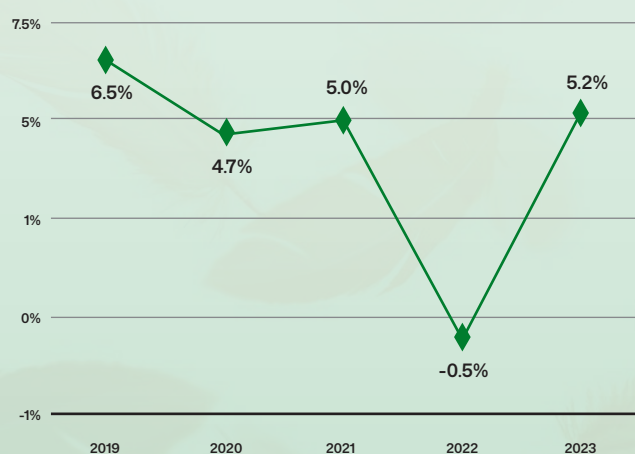
Comprehensive Income



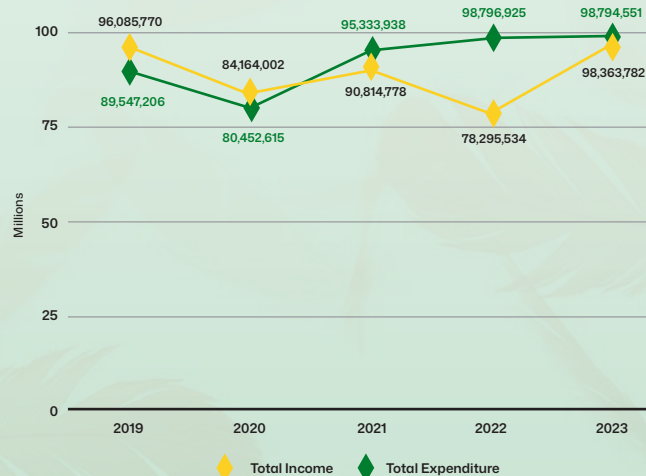
Insured Persons vs Beneficiaries



Total Return



Income vs Expenditure





# Our *Board of Directors*







## Our Board of Directors

The St. Vincent and the Grenadines National Insurance Board provides the fundamental principles of the institution and is responsible for nurturing our occupational culture, corporate management and overseeing policies. The Board of Directors is a selected assembly of individuals that represents our stakeholders.



**Mr. Lennox Bowman**  
Chairman



**Mr. Elroy John**  
Deputy Chairman



**Mr. Stewart Haynes**  
Executive Director

## Our Board of Directors



**Mr. Liley Cato**  
Director



**Mr. Brian George**  
Director



**Mr. Garvin Jackson**  
Director



**Mr. Noel Jackson**  
Director



**Ms. Joy Matthews**  
Director



**Mrs. Gloria Stapleton**  
Director



## Our Management Team

Our Senior Management Team brings a broad range of experience to the organisation.



**Ms. Dawn Small**  
Branch Manager Union Island Office



**Mrs. Roberta Henry**  
Chief Risk Officer



**Ms. Lucille Browne**  
Human Resources Manager



**Mrs. Nicole Byron**  
Benefits Manager (Short Term)



**Mrs. Ingrid Cadogan**  
Customer Service Manager



**Ms. Avian Charles**  
Communications Manager



**Mr. Rohan Daniel**  
Investment Analyst



**Ms. Kamla David**  
Legal Officer

Our Management Team



**Mrs. Marika Drakes**  
Internal Auditor



**Mr. Winston Edwards**  
Benefits Manager (Long Term)



**Mr. Dornelle Fitzpatrick**  
Investment Manager



**Mr. Jeremy Jackson**  
Financial Controller Ag



**Mrs. Monique Jeffers**  
Corporate Secretary Ag



**Mr. Richard Lewis**  
Compliance Manager



**Mr. Asri Soleyn**  
IT Manager



**Ms. Colleen Thomas**  
Data Processing Manager





# Engaging, Informing and Empowering **Citizens**





# Strengthening Communications

The 11th Actuarial Review revealed a stark reality: Pension reform was crucial to safeguard the NIS Fund's future. Recognising the need to inform and engage the public, the NIS Board and management empowered our Communications Team to partner with an agency specialising in strategic communications and media relations. Pension reform was a critical public issue, so our outreach needed to be comprehensive and impactful to garner public understanding and support.

To ensure we found the right partner for this critical initiative, we began by engaging with seven communications and public relations firms across SVG and Barbados through a selective tendering process. Ultimately, we selected PRMR Inc., a Barbados-based firm with extensive experience and a strong track record in public relations, whose proposal best aligned with our needs.





# Grounded in Research

The NIS adopted a research, action, communication, and evaluation approach for developing strategic communications plans. The research included a desk review and qualitative interviews with persons in SVG. It provided insight from internal and external stakeholders about their perception of the NIS' communication engagement with recommendations for improvement.

The NIS adopted a detailed strategic communications plan using a multi-pronged approach to address three major areas: brand awareness and credibility, internal and external stakeholder engagement and media relations. The engagement strategy was based on the two-step flow of information theory.





# Engaging Stakeholders

A mix of traditional and social media campaigns and the core ISSA sound governance principles of transparency, accountability, inclusiveness and participation principally grounded the NIS' engagement strategies and outreach programme.

The kick-off engagement event was an in-person meeting with the Cabinet to discuss the findings of the 11th Actuarial Review and the likely reform measures to improve the financial sustainability of the NIS. We also presented the World Bank's high-level report on the assessment of the 11th Actuarial Review and submitted a draft of the funding policy to the government, both of which provided the expert basis for our counsel.

In keeping with our inclusive all-of-country approach to pension reform, the Parliamentary Opposition was also engaged in the conversation on the topic. Given their critical role as lawmakers, we discussed with them the reasons for, specifics of and potential timelines for reforming the NIS.

Our tripartite governance structure and its transparent and open dialogue on pension reform resulted in multiple engagements with both employer and employee groups. The NIS board and management dedicated sufficient and productive time to engage in extensive discussions with the leadership of the Chamber of Commerce and all active trade unions, including the Public Service Union, Teachers' Union and Police Welfare Association, among others.





## The Role of the Media

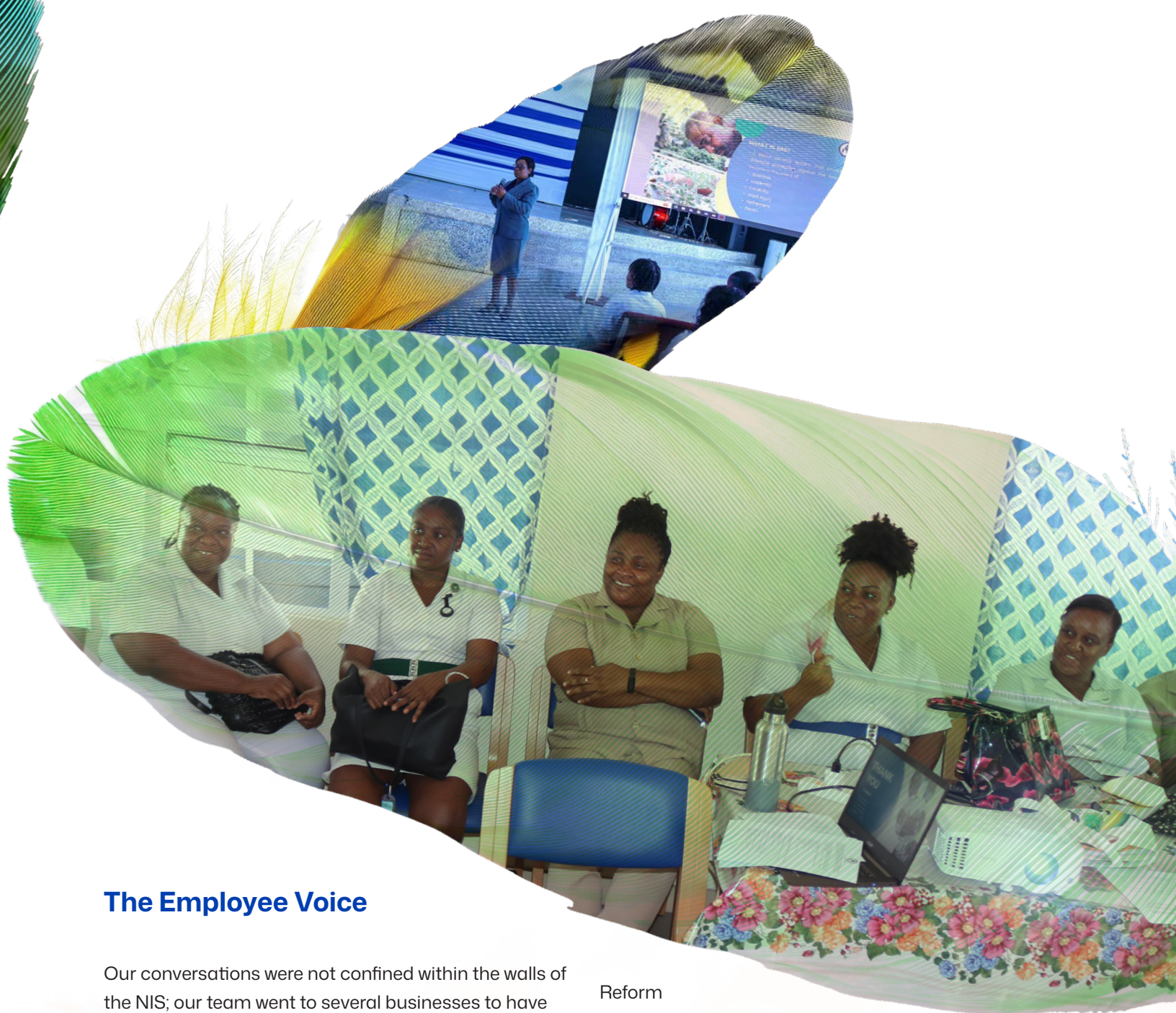
In acknowledgement of the critical role the local media plays in shaping the public agenda and raising awareness on matters of national, regional and international importance, we collaborated with media organisations to host a pension reform symposium for local journalists and communications professionals. Management highly valued and appreciated the active participation and input of the journalists who attended the symposium.

As a result of the media engagement, numerous newspaper articles and radio and television interviews were published focusing on the NIS' operations, services and efforts in pension reform.

We were also present on social media, which has become an important source of information for citizens. Apart from traditional journalists, "citizen journalists" are increasingly leading agendas online, some of them with negative sentiments. The NIS has taken steps to have a robust online presence to add an authoritative voice to the online conversation.

The participatory component of our engagement strategies inspired management to organise the first-ever consultation with Human Resources (HR) professionals from over 42 large and midsize businesses across SVG. The HR professionals brought their people-empowerment culture to the conversation to ensure that the reforming of the NIS was people-centred, promoting the welfare and well-being of all employees. This group's positive feedback and insightful suggestions helped to shape the NIS' final reform package.





## The Employee Voice

Our conversations were not confined within the walls of the NIS; our team went to several businesses to have focused and tailored dialogue with employers and employees. We garnered invaluable lessons from these stakeholders regarding agreeable parameters for the reform programme. For example, we heard employees' strong views on not increasing the retirement age from 65. To this end, our advisory to the actuary and the Cabinet included this deafening message regarding reform.

The board also approved funding to engage experts in the field of social security to participate in a National Pension Reform Symposium on the topic 'Pension

Reform to Ensure Sustainable Social Security Systems'. The panel included Director Stewart Haynes, an actuary; Mr. Derek Osborne, the NIS' actuary; Ms. Judith Veira, a consulting actuary; and Ms. Valda Henry, a chartered financial analyst and Deputy Governor of Eastern Caribbean Central Bank (ECCB). The turnout for the in-person and online symposium was good, and stakeholders were well-informed on the need to reform pension systems to ensure future financial sustainability.





## ‘Leaving No One Behind’

The NIS held its most significant Pensioners Appreciation Day under the theme *‘Leaving No One Behind’*. This event brought together hundreds of pensioners to show appreciation for their sterling contributions in building the NIS and to provide them with information about the proposed reform measures. This group touted strong support for the NIS’ high-quality and essential services. The Pensioners Appreciation and Health Day was made possible with the support and involvement of the Ministry of Health, the National Lotteries Authority, Coreas Distribution Limited, Massy Stores Limited, Courts Optical and Leb’Elle Foot and Nail Clinic.

Churches, schools and the public were also engaged through town halls and traditional and social media platforms. The NIS held education sessions with over 400 teachers from 29 schools, contributing to our highest level of teacher engagement.

Our campaign not only targeted Vincentians at home and abroad but also engaged regional and international organisations such as the ECCB, CARICOM, the World Bank, the International Monetary Fund and ISSA, to ensure that the reform measures were aligned with global best practices while meeting the socioeconomic needs of current and future generations of Vincentians.

This exhaustive outreach and our efforts to leave no stone unturned gave us the confidence to know that the NIS left no one behind in our campaign to educate stakeholders and foster an understanding of the invaluable role we play for our citizens.

# Stakeholders Engaged



## Media

API | Boom Radio | NBC Radio | Nice Radio | One News SVG | Praise FM  
SVG TV | The News | The Vincentian | VC3 | Xtreme Radio | iWitness News



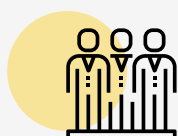
## Civil Society Organisations

BRAGSA Employees | ECGC Staff | Eleventh Hour Ministry | Executive Members of the New Democratic Party | Fisheries Division | Mt. Coke Seventh Day Adventist Church | NIS Pensioners | Nursing Division | PSU Special Committee Meeting | Public Service Employees through Service Commission | SVG Teachers Union Central Windward | Youth Empowerment Programme



## Schools

Adelphi Secondary | Barrouallie Anglican Primary | Barrouallie Technical Institute | Bethel High School | Biabou Secondary | Bishops College Kingstown | Buccament Bay Secondary | Central Leeward Secondary Colonaire Primary School | Dr JP Eustace | Emmanuel High School George Stephens | Georgetown Secondary School | Girls High School Grammar School | Intermediate High School | Marriaqua Government School | Mountain View Academy | North Union | Park Hill Government Petit Bordel Secondary | Richland Park Government school | SJCK | Sandy Bay Secondary | St Clair Dacon | St. Martin Secondary School | Thomas Saunders Secondary | Troumaca Secondary | West George Secondary



## HR Professionals

Ace Hardware/Coreas | Argyle International Airport | BOSVG | BRAGSA Beachcombers Hotel | Bonadie Supermarket | Building and Loan | CK Greaves | CWSA | Coreas Distribution | Courts SVG | Digicel | ECGC | FLOW | First National Bank | GECCU | Global Distributors | Greaves Supermarket | Grenadines House | Guardsman | KCCU | Kendra's Aluminium | La Vue Boutique Hotel | MYAH's Hotel | Massy Stores | Mustique Company Ltd | NIS | NLA | Nursing Division | PSU Special Committee Meeting | Peppa Korn | Rain forest | Republic Bank | SVG Coop Bank | SVG Teachers Union Central Windward | Sagicor | Service Commission | St. Vincent Brewery | St. Vincent Building and Loan | Sunset Shores | Trinity School of Medicine | VINLEC



## National Insurance Services

Financial Statements  
**For the Year Ended December 31, 2023**  
(in Eastern Caribbean Dollars)



# Contents

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<b>Page 8</b>	Statement of Cash Flows
<b>Pages 10 - 60</b>	Notes to the Financial Statements



# Corporate Information

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## REGISTERED OFFICE

Bay Street  
Kingstown  
St. Vincent

## DIRECTORS

Mr. Lennox A. Bowman – Chairman  
Mr. Elroy R. John – Deputy Chairman  
Mr. Carlos Leslie Liley Cato  
Mr. Garvin A. Jackson  
Ms. Joy E. Matthews  
Mr. Brian A. George  
Mr. Noel C. Jackson  
Mrs. Gloria E. Stapleton

## DIRECTOR

Mr. Stewart K. Haynes

## SECRETARY

Mr. Stewart K. Haynes

## BANKS AND NON-BANK FINANCIAL INSTITUTIONS

Bank of St. Vincent and the Grenadines Ltd.  
Republic Bank EC Ltd.  
1<sup>st</sup> National Bank St. Lucia (*formally RBTT Bank Caribbean Limited*)  
St. Vincent Union of Teachers Co-operative Credit Union  
RBC (Royal Bank) Trinidad and Tobago Ltd.  
National Bank of the British Virgin Islands

## SOLICITORS

Duane Daniel Chambers

## AUDITORS

Grant Thornton  
Chartered Accountants  
Sergeant-Jack Drive  
Arnos Vale  
St. Vincent



## Independent Auditor's Report

To the Honourable Minister of Finance  
National Insurance Services  
St. Vincent and the Grenadines

**Grant Thornton**  
Sergeant-Jack Drive, Amos Vale  
P.O. Box 35  
Kingstown, St. Vincent  
West Indies  
T +1 784 456 2300  
F +1 784 456 2184  
[www.grantthornton.lc](http://www.grantthornton.lc)

## Opinion

We have audited the financial statements of National Insurance Services ("the NIS"), which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, comprising significant policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NIS as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Basis for Opinion

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

## Other Information

Management is responsible for the other information. The other information comprises the NIS' 2023 Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the NIS' 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.





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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the NIS' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the NIS to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

June 28, 2024




# National Insurance Services

## Statement of Financial Position As of December 31, 2023


(in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	66,123,559	47,601,205
Contributions receivable	6	3,207,529	3,407,946
Other assets	7	760,597	7,597,721
Loans and advances	8	26,344,350	33,538,923
Investment securities	9	261,546,855	266,427,848
Inventories	10	7,710,900	7,704,500
Investment in associate	11	33,322,139	28,215,196
Investment properties	12	50,672,828	53,301,564
Property and equipment	13	24,170,779	24,629,718
Intangible assets	14	1,726,180	1,009,210
<b>TOTAL ASSETS</b>		<b>475,585,716</b>	<b>473,433,831</b>
<b>LIABILITIES</b>			
Benefits payable	15	5,979,869	5,345,906
Accounts payable and accrued liabilities	16	2,134,841	1,089,817
<b>TOTAL LIABILITIES</b>		<b>8,114,710</b>	<b>6,435,723</b>
<b>RESERVES</b>			
Short-term benefit	17	37,474,239	33,631,977
Long-term benefit	17	300,649,238	311,601,556
Employment injury benefit	17	102,373,811	94,284,078
National provident fund	17	30,171,180	31,581,626
Accumulated other comprehensive income	18	(3,197,462)	(4,101,129)
<b>TOTAL RESERVES</b>		<b>467,471,006</b>	<b>466,998,108</b>
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>475,585,716</b>	<b>473,433,831</b>

The financial statements were approved by the Board of Directors and authorized for issue on June 28, 2024, and signed on its behalf by:

  
\_\_\_\_\_  
Lennox A. Bowman  
Chairman

  
\_\_\_\_\_  
Stewart K. Haynes  
Secretary

  
\_\_\_\_\_  
Elroy R. John  
Deputy Chairman

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

# National Insurance Services

## Statement of Changes in Reserves For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Short-term Benefits	Long-term Benefits	Employment Injury	National Provident Fund	Accumulated Other Comprehensive Income	Total
	\$	\$	\$	\$	\$	\$
<b>Balance as of January 1, 2022</b>	32,396,904	336,426,127	89,648,462	33,129,135	3,240,928	494,841,556
Net surplus (deficit) for the year	1,235,073	(24,824,571)	4,635,616	(1,547,509)	-	(20,501,391)
Net change in fair value – FVOCI equity instruments	-	-	-	-	(7,869,436)	(7,869,436)
Foreign exchange loss – FVOCI equity instruments	-	-	-	-	258,852	258,852
Net change in fair value – FVOCI debt instruments	-	-	-	-	(428,585)	(428,585)
Share of OCI - associate	-	-	-	-	697,112	697,112
<b>Balance at December 31, 2022</b>	33,631,977	311,601,556	94,284,078	31,581,626	(4,101,129)	466,998,108
Net surplus (deficit) for the year	3,842,262	(10,952,318)	8,089,733	(1,410,446)	-	(430,769)
Net change in fair value – FVOCI equity instruments	-	-	-	-	222,885	222,885
Foreign exchange loss – FVOCI equity instruments	-	-	-	-	(146,137)	(146,137)
Net change in fair value – FVOCI debt instruments	-	-	-	-	63,402	63,402
Share of OCI - associate	-	-	-	-	763,517	763,517
<b>Balance at December 31, 2023</b>	37,474,239	300,649,238	102,373,811	30,171,180	(3,197,462)	467,471,006

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



# National Insurance Services

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
<b>Contribution Revenue</b>	19	<b>76,051,226</b>	73,444,488
<b>Net Investment Income</b>	20	<b>15,506,037</b>	3,448,454
<b>Other Income, Net</b>	21	<b>2,132,093</b>	731,933
Appreciation of fair value in investment properties	12	<b>31,000</b>	89,210
<b>Total Revenue</b>		<b>93,720,356</b>	77,714,085
Benefits expense	22	<b>(90,180,700)</b>	(85,540,706)
<b>Gross Margin</b>		<b>3,539,656</b>	(7,826,621)
General and administrative expenses	23	<b>(10,693,073)</b>	(11,259,666)
Bad debts expense	6	<b>2,079,222</b>	(1,996,553)
<b>Total Expenses</b>		<b>(8,613,851)</b>	(13,256,219)
<b>Operating Loss</b>		<b>(5,074,195)</b>	(21,082,840)
Share of Profit of Associate	11	<b>4,643,426</b>	581,449
<b>Net Loss for the Year</b>		<b>(430,769)</b>	(20,501,391)
<b>Other Comprehensive Income (Loss)</b>			
<b>Items that will not be Reclassified Subsequently to Profit or Loss:</b>			
Net change in fair value – FVOCI equity instruments	18	<b>222,885</b>	(7,869,436)
Foreign exchange (loss) gain – FVOCI equity instruments	18	<b>(146,137)</b>	258,852
		<b>76,748</b>	(7,610,584)
<b>Items that are or may be Reclassified Subsequently to Profit or Loss:</b>			
Net change in fair value – FVOCI debt instruments	18	<b>63,402</b>	(428,585)
Share of OCI – associate	18	<b>763,517</b>	697,112
		<b>826,919</b>	268,527
<b>Other Comprehensive Income (Loss)</b>		<b>903,667</b>	(7,342,057)
<b>Total Comprehensive Income (Loss) for the Year</b>		<b>472,898</b>	(27,843,448)

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

# National Insurance Services

## Statement of Cash Flows

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
<b>Operating Activities</b>			
Loss for the year		(430,769)	(20,501,391)
<b>Adjustments for:</b>			
Interest on loans and advances	20	(1,504,017)	(1,926,213)
Interest income on investment securities	20	(7,880,264)	(6,573,372)
Dividend income	20	(2,775,468)	(2,022,545)
Depreciation expense	13	518,180	1,323,786
Amortization of intangibles	14	74,547	81,691
Loss on disposal of property and equipment		5,316	518,671
(Recovery) impairment loss – contributions and other assets		(3,148,031)	2,152,369
Gain on sale of investment securities	20	(3,244,061)	(4,389,153)
Loss on realization of other assets		80,077	-
Gain on sale of investment property	20	(90,264)	-
Impairment loss – investment securities and loans and advances		880,226	907,159
Share of profit of associate	11	(4,643,426)	(581,449)
Appreciation in fair value of investment properties	12	(31,000)	(89,210)
(Appreciation) decline in fair value of investment securities	20	(1,462,730)	9,895,131
Foreign exchange loss (gain) on securities	20	121,585	(19,108)
<b>Net Loss before Changes in Operating Assets and Liabilities</b>		<b>(23,530,099)</b>	<b>(21,223,634)</b>
Change in other assets		154,349	8,091,238
Change in contributions receivable		2,279,639	(1,622,616)
Change in benefits payable		633,963	1,647,761
Change in deferred income		-	(5,620)
Change in accounts payable and accrued liabilities		1,045,024	(280,348)
Change in inventories	10	(6,400)	-
<b>Net Cash Used in Operating Activities</b>		<b>(19,423,524)</b>	<b>(13,393,219)</b>
<b>Cash Flows from Investing Activities</b>			
Change in investment securities		17,810,468	1,325,735
Interest received from investment securities, loans and advances		9,340,265	8,625,910
Dividend received from equity investments		3,075,468	2,022,545
Reduction in loans and advances		5,825,753	6,402,847
Purchase of property, plant and equipment	13	(64,559)	(360,181)
Proceeds from sale of property and equipment		-	45,000
Proceeds from sale of investment property		2,750,000	-
Acquisition of investment properties		-	(7,632,508)
Addition of intangibles	14	(791,517)	(899,628)
<b>Net Cash Generated from Investing Activities</b>		<b>37,945,878</b>	<b>9,529,720</b>
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>18,522,354</b>	<b>(3,863,499)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>47,601,205</b>	<b>51,464,704</b>
<b>Cash and Cash Equivalents at End of Year</b>	5	<b>66,123,559</b>	<b>47,601,205</b>

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



# National Insurance Services

## Index to Notes to the Financial Statement

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<b>Note 1</b>	Reporting Entity
<b>Note 2</b>	Basis of Preparation
<b>Note 3</b>	Summary of Significant Accounting Policies
<b>Note 4</b>	New and Amended Standards and Interpretations not yet Adopted
<b>Note 5</b>	Cash and Cash Equivalents
<b>Note 6</b>	Contribution Receivable
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# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 1. Reporting Entity

The National Insurance Services (“the NIS”), formerly the National Insurance Scheme, was established by the National Insurance Act Cap 296 of the revised laws of Saint Vincent and the Grenadines. The NIS became operational in 1987, and assumed the assets and obligations of the former National Provident Fund. The principal activity of the NIS is the provision of social security services in the state of Saint Vincent and the Grenadines. The registered office is Bay Street, Kingstown St. Vincent.

### 2. Basis of Preparation

#### a. Statement of Compliance

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

#### b. Basis of Measurement

The financial statements were prepared on the historical cost basis except for the following material items:

Items	Measurement Basis
Financial instruments at FVTPL	Fair value
Financial instruments at FVOCI	Fair value
Investment properties	Fair value
Inventory	Lower of cost or net realizable value

#### c. Functional and Presentation Currency

The financial statements are presented in Eastern Caribbean dollars, which is the NIS’ functional currency. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar.

#### d. Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates and the underlying assumptions, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 2. Basis of Preparation .....Cont'd

#### d. Use of Estimates and Judgements .....Cont'd

The NIS' accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the NIS exercises judgement in carrying out such designation; this judgement relates to whether the instruments meet the criteria for the particular classification. Judgements that have a significant effect on the amounts recognized in the financial statements and estimates can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year.

Significant valuation issues noted are reported to the NIS' Audit Committee.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9                      - Investment properties
- Note 27                   - Financial risk review
- Note 28                   - Fair value of financial instruments

#### Residual values and Useful Lives of Property and Equipment

As notes in note 3 (f), the residual values and useful life of each asset are reviewed at least at each reporting date and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The assumptions regarding residual values give rise to estimation uncertainty.

### 3. Summary of Significant Accounting Policies

Except for the changes below, the NIS has consistently applied the following accounting policies to all periods presented in these financial statements.

#### a. New and Amended Standards and Interpretations

The NIS applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. The NIS has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Management anticipates that all the relevant pronouncements will be adopted in the NIS' accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted or listed below are not expected to have a material impact on the NIS' financial statements.

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### b. New and Amended Standards and Interpretations Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the NIS' financial statements are disclosed below. The NIS intends to adopt these standards, if applicable, when they become effective. The new and amended standards and interpretations are not expected to have a significant impact on the NIS' financial statements.

#### *Amendments to IAS 1: Classification of Liabilities as Current or Non-Current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The NIS does not expect any effect on its financial statements.

#### *Insurance Contracts – IFRS 17*

In May 2017, the IASB issued IFRS 17 to replace IFRS 4 Insurance Contracts. The standard establishes the principles of recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The following are included within the scope of the standard:

- Insurance contracts, including reinsurance contracts, it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

The amendment is not applicable to the NIS.



# National Insurance Services

Notes to the Financial Statement

**For the Year Ended December 31, 2023**

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....*Cont'd*

### c. Foreign Currency Transactions

Transactions in foreign currencies are translated into Eastern Caribbean dollars at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising on the translation of the equity instruments classified as FVOCI are recognized in OCI.

### d. Investment in Associate

Associates are those entities in which the NIS has significant influence, but no control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transactions costs. Subsequent to initial recognition, the financial statements include the NIS' share of the profit or loss and OCI of the associate, until the date on which significant influence ceases.

### e. Financial Assets and Liabilities

#### (i) Recognition and Initial Measurement

The NIS initially recognizes loans and advances, deposits, debt and equity securities issued and liabilities on the date on which they are originated.

A financial asset or financial liability is measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### e. Financial Assets and Liabilities .....Cont'd

#### (ii) Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

#### Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and subsequent measurement of debt instruments depend on:

- The business model for managing the assets; and
- The cash flows characteristics of the asset.

Based on the factors the debt instruments will be classified into the three following categories:

**Amortized Cost:** assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortized cost.

**Fair Value through Other Comprehensive Income (FVOCI):** financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).

**Fair Value through Profit or Loss (FVTPL):** assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

#### Business Model Assessment

The NIS makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and guidelines for the investment portfolio;
- how the performance of the portfolio is evaluated and reported to the NIS' management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### e. Financial Assets and Liabilities .....Cont'd

#### (ii) Classification .....Cont'd

##### Business Model Assessment .....Cont'd

##### *Assessment of whether Contractual Cash Flows are solely Payments and Interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the NIS considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the NIS considers contingent events that would change the amount and timing of cash flows.

##### *Equity Instruments*

Equity instrument are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

##### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the NIS changes its business model for managing financial assets.

##### *Financial Liabilities*

The NIS classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

#### (iii) Derecognition

##### *Financial Assets*

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (iii) any cumulative gain or loss that had been recognized in OCI in recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the NIS is recognized as a separate asset or liability.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

# National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### e. Financial Assets and Liabilities .....Cont'd

#### (iv) Offsetting

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the NIS' trading activity. Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when, and only when, there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### (v) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date in the principal or, in its absence, the most advantageous market to which the NIS has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the NIS measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the NIS uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the NIS determines that the value of on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

#### (vi) Impairment

The NIS assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The NIS recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 25 provides more detail of how the expected credit loss allowance is measured.



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### e. Financial Assets and Liabilities .....Cont'd

#### (vi) Impairment .....Cont'd

##### *Write-off*

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the NIS determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the NIS' procedures for recovery of amounts due.

### f. Investment Properties

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to reserves.

### g. Property and Equipment

#### (i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

#### (ii) Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve. Any loss is recognized in profit or loss.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### g. Property and Equipment .....Cont'd

##### (iii) Subsequent Costs

The cost of replacing part an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the NIS and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

##### (iv) Depreciation

Depreciation is recognized in profit or loss in the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated.

The annual rates for the current and comparative periods are as follows:

Freehold buildings	2% (2022: 4%)
Furniture and fixtures	15%
Office equipment	15-20%
Building related equipment	10%
Computer equipment	20-33%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

#### h. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

##### (i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization charge and impairment losses.

##### (ii) Amortization

Intangible assets are amortized using the straight-line method. Amortization commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Amortization expense is recognized in profit or loss.

##### (iii) Derecognition

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed.

##### (iv) Internally Generated Intangible Assets

To assess whether an internally generated intangible asset meets the criteria for recognition, an entity classifies the generation of the asset into:

###### (i) Research Phase

Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### h. Intangible Assets .....Cont'd

#### (iv) Internally Generated Intangible Assets .....Cont'd

##### (ii) Development Phase

An intangible asset arising from development (or from the development phase of an internal project) is capitalized only if an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### i. Impairment

#### (i) Financial Assets

IFRS requires the estimation of expected credit losses where are derived from unbiased and probability weighted estimates. The following assets and disclosures that are applicable to the NIS are within the scope of IFRS 9:

- Financial assets measured at amortized cost
- Financial assets measured at FVOCI
- Loan commitments (except those measured at FVTPL)
- Lease receivable under IFRS 16

There are two impairment approaches required: the general approach and the simplified approach. The general approach is a three-stage expected credit loss approach as follows:

**Stage 1** – there was no significant increase in credit risk since initial recognition and the instrument was not credit impaired upon purchase. The expected credit losses to be incurred within 12 months of the assessment date is recognized.

**Stage 2** – there was a significant increase in credit risk since initial recognition, but the instrument is not credit impaired. The expected credit losses to be incurred during the lifetime of the instrument is recognized.

**Stage 3** – the instrument is credit impaired. The expected credit losses to be incurred during the lifetime of the instrument is recognized.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### i. Impairment .....Cont'd

##### (i) Financial Assets .....Cont'd

The inputs used to estimate the balances are the probability of default, the exposure at default and the loss given default. The expected credit loss is discounted by the effective interest rate. Information about future events and economic conditions are incorporated in the model.

The simplified approach is based on the historic default rate. The average historical rate of return is used as a proxy for the effective interest rate.

##### (ii) Non-Financial Assets

At each reporting date, the NIS review the carrying amounts of its non-financial assets (other than investment properties and inventories), to determine whether there is any indication of impairment. If any such indication exists for any asset, then that asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reverse only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### j. Contributions Receivable

Contributions receivable on active accounts are estimated based on the most recent remittance by contributors. No estimate is made for dormant or ceased accounts as it is not probable that any economic benefits will flow to the NIS.

#### k. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

#### l. Contributions

Revenue from contributions is recognized in profit or loss on the accrual basis at the requisite statutory rates utilizing employer monthly contribution statements which are settled in arrears.

#### m. Pensions and Other Benefits

Pensions and benefits are recorded when incurred during the year. Accruals are recorded at year-end for pensions and benefits owed to beneficiaries but not paid, based on management's best estimate.



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### n. Finance Income and Expense

Financial income comprises interest income, dividend income, gains on the disposal of financial assets and foreign currency gains on investments. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the NIS' right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises foreign currency losses on investments.

### o. Loan Commitments

Loan commitments are firm commitments to provide credit under the pre-specified terms and conditions.

The NIS has not issued any loan commitments that are measured at FVTPL.

For other loan commitments, the NIS recognizes a loss allowance.

Liabilities arising from loan commitments are included within provisions.

### p. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term highly liquid instruments with original maturities of three months or less.

## 4. New and Amended Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, these standards are not expected to have a significant impact on the NIS' financial statements.

## 5. Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash on hand	1,364	981
Bank balances	66,122,195	47,600,224
	<b>66,123,559</b>	<b>47,601,205</b>

# National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 6. Contributions Receivable

	2023	2022
	\$	\$
Contributions receivable	11,165,199	13,444,838
Allowance for impairment losses (Note 28 (b) (i))	(7,957,670)	(10,036,892)
	<b>3,207,529</b>	<b>3,407,946</b>

The movement in the provision for impairment losses in respect of contributions receivable during the year was as follows:

	2023	2022
	\$	\$
Balance at January 1	10,036,892	8,040,339
Change in allowance for impairment losses	(2,079,222)	1,996,553
<b>Balance at December 31</b>	<b>7,957,670</b>	<b>10,036,892</b>

## 7. Other Assets

	2023	2022
	\$	\$
Prepayments	427,095	280,417
Staff receivables	30,086	245,041
Rent receivables	310,740	230,000
Other receivables	396,468	8,314,863
	<b>1,164,389</b>	<b>9,070,321</b>
Allowance for impairment losses	(403,792)	(1,472,600)
	<b>760,597</b>	<b>7,597,721</b>

The movement in allowance for impairment in other assets during the year was as follows:

	2023	2022
	\$	\$
Balance at January 1	1,472,600	1,316,784
Change in allowance for impairment losses (Note 21)	(1,068,808)	155,816
<b>Balance at December 31</b>	<b>403,792</b>	<b>1,472,600</b>



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 8. Loans and Advances

	2023	2022
	\$	\$
Loans guaranteed by the Government of St. Vincent and the Grenadines	27,570,851	32,623,068
Loans secured by mortgage	8,000,147	8,654,013
Unsecured staff loans	339,914	459,584
	35,910,912	41,736,665
Allowance for impairment losses	(12,149,602)	(11,176,352)
Total loans	23,761,310	30,560,313
Interest receivable on loans	2,583,040	2,978,610
	26,344,350	33,538,923

The movement in the allowance for impairment losses in respect of loans and advances during the year was as follows:

	2023	2022
	\$	\$
Balance at January 1	11,176,352	10,649,672
Movements during the year (Note 20)	973,250	526,680
Balance at December 31	12,149,602	11,176,352

### 9. Investment Securities

	2023	2022
	\$	\$
<b>Investment Securities at FVTPL</b>		
Equities	41,132,270	37,664,337
<b>Investment Securities at Amortized Cost</b>		
Debt securities	201,507,852	190,841,792
Interest receivable	2,331,542	1,890,142
Expected credit losses (Note 28 (b) (i))	(17,762,620)	(17,855,645)
	186,076,774	174,876,289
<b>Investment Securities at FVOCI</b>		
Debt securities	2,944,964	3,688,024
Interest receivable	28,146	29,960
Equities designated as at FVOCI	31,364,701	50,169,238
	34,337,811	53,887,222
	261,546,855	266,427,848

The movement in the allowance for impairment in respect of investment securities and deposits during the year was as follows:

	2023	2022
	\$	\$
Balance at January 1	17,855,646	17,475,166
Increase (reduction) of impairment loss	(93,025)	380,479
Balance at December 31 (Note 28)	17,762,620	17,855,645

# National Insurance Services

Notes to the Financial Statement

**For the Year Ended December 31, 2023**

(in Eastern Caribbean dollars)

## 9. Investment Securities and Deposits .....Cont'd

In January 2009, the Central Bank of Trinidad and Tobago affirmed the financial problems and announced that it had intervened into the operations of CL Financial Limited, Colonial Life (Trinidad) Ltd., CLICO Investment Bank, British American Insurance Company (Trinidad) Limited and Caribbean Money Market Brokers, all members of the CL Financial Group (the Group).

Later during 2009, British American Insurance Company Limited, a Bahamian registered subsidiary of CL Financial Limited, which owned and operated branches in the Organization of Eastern Caribbean States (OECS) was deemed to be insolvent. Consequently, the company and its branches throughout the OECS were placed under Judicial Management.

In April 2013, the Supreme Court of Barbados placed CLICO International Life Insurance Limited, also a CL Financial Limited subsidiary, under Judicial Management. Effective with the appointment, the Judicial Manager assumed immediate control of the affairs of the company and is responsible for assessing its financial position and reporting to the Court.

The Government and Central Bank of Trinidad and Tobago, where CL Financial Limited is incorporated, the Government of Barbados, where CLICO International Life is incorporated, and the OECS Governments, including the Government of St. Vincent and the Grenadines, have undertaken, by way of various actions and initiatives, to protect the interests of the Group's respective policyholders, depositors, and other creditors. The outcome of these undertakings cannot be guaranteed.

The NIS has investments in fixed deposits in CL Financial Group as at December 31, as follows:

	2023	2022
	\$	\$
Gross carrying value at December 31	19,612,467	19,612,467
Allowance for impairment	(16,785,034)	(16,785,034)
Fixed deposit, net	2,827,433	2,827,433

## 10. Inventories

	2023	2022
	\$	\$
Land at Peter's Hope	7,704,500	7,704,500
Acquisition	6,400	-
	7,710,900	7,704,500

The land at Peter's Hope is currently being developed with the intention of sale in the ordinary course of business.



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 11. Investment in Associate

The NIS has twenty percent (20%) ownership of the Bank of St. Vincent and the Grenadines. The Bank's principal place of business is located at Reigate Building, Granby Street, Kingstown, St. Vincent. The principal activities of the Bank are the provision of retail and corporate banking and investment services. The NIS is represented by two (2) persons on the Bank's Board of Directors.

The following table summarizes the financial information of the Bank of St. Vincent and the Grenadines as indicated in its own financial statements:

	2023 \$	2022 \$
Percentage ownership interest	20%	20%
Total assets	1,865,827,938	1,323,231,201
Total liabilities	(1,699,217,221)	(1,182,155,222)
<b>Net Assets (100%)</b>	<b>166,610,717</b>	<b>141,075,979</b>
NIS' share of net assets, being carrying amount of interest in associate	33,322,139	28,215,196
Revenue	79,723,904	54,427,590
Profit from continuing operations (100%)	23,217,128	2,907,243
Other comprehensive income (100%)	3,817,587	3,485,560
<b>Total Comprehensive Income (100%)</b>	<b>27,034,715</b>	<b>6,392,803</b>
<b>Balance as at January 1</b>	<b>28,215,196</b>	<b>26,936,635</b>
Share of profit	4,643,426	581,449
Share of OCI (Note 18)	763,517	697,112
Dividend received	(300,000)	-
<b>Balance as at December 31</b>	<b>33,322,139</b>	<b>28,215,196</b>

### 12. Investment Properties

	2023 \$	2022 \$
<b>Balance as at January 1</b>	<b>53,301,564</b>	<b>45,579,854</b>
(Disposal) acquisition of investment properties	(2,659,736)	7,632,500
Appreciation in fair value of investment properties	31,000	89,210
<b>Balance at December 31</b>	<b>50,672,828</b>	<b>53,301,564</b>

The properties were revalued by an independent, professionally qualified property valuer. The appraisals were performed within the last three (3) years.

Operations expenses including repairs and maintenance arising from investment properties that generated rental income \$2,849 (2022: \$1,619).

Operations expenses including repairs and maintenance arising from investment properties that did not generate rental income NIL (2022: NIL).

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 12. Investment Properties .....Cont'd

#### Measurement of Fair Values

##### (i) Fair Value Hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the NIS' investment property portfolio every three years.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs of the valuation technique used (see **Note 28 (a)**).

##### (ii) Valuation Technique and Significant unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Val. Technique	Sig. Unobs. Inputs	Relationship
<b>Building:</b> the market and income approach was used.		
<b>Market Approach:</b> comparable properties were assessed, and the most comparable property was chosen as a basis on the condition of the building.	<ol style="list-style-type: none"> <li>1. Judgement about the physical condition of the building; and</li> <li>2. The determination and value of comparable properties.</li> </ol>	<p>The estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> <li>1. The value per square foot were higher (lower); and</li> <li>2. The assessment of the condition of the building was not reasonable.</li> </ol>
<b>Income Approach:</b> the assessed rental value is derived from assessing comparable rental rates, then adjusting it downward for insurance, repairs and property management. A discount rate deemed to be appropriate for prime rental property was chosen to determine perpetuity then the value was derived based on the years to perpetuity and the assessed rental value.	<ol style="list-style-type: none"> <li>1. An appropriate discount rate;</li> <li>2. The determination of comparable properties; and</li> <li>3. The size and price per square foot of comparable properties.</li> </ol>	<ol style="list-style-type: none"> <li>1. An appropriate discount rate was not used; and</li> <li>2. The assessed rent was not reasonable.</li> </ol>
<b>Land:</b>		
<b>Market Approach:</b> comparable properties were assessed, and the most comparable property was chosen as a basis for the valuation.	<ol style="list-style-type: none"> <li>1. Judgements about the characteristics of the land; and</li> <li>2. The determination and value of comparable properties.</li> </ol>	<p>The estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> <li>1. The value per square foot were higher (lower); and</li> <li>2. The assessment of the condition of the land was not reasonable.</li> </ol>



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 13. Property and Equipment

	Land	Freehold Buildings	Furniture and Equipment	Office Equipment	Building related Equipment	Computer Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance at January 1, 2022	13,671,100	21,541,469	2,348,999	568,550	3,188,034	1,961,973	453,967	43,734,092
Additions	-	-	42,788	41,292	1,114	148,647	126,340	360,181
Disposals	-	(1,717,052)	-	-	-	(6,275)	(225,928)	(1,949,255)
<b>Balance at December 31, 2022</b>	<b>13,671,100</b>	<b>19,824,417</b>	<b>2,391,787</b>	<b>609,842</b>	<b>3,189,148</b>	<b>2,104,345</b>	<b>354,379</b>	<b>42,145,018</b>
Balance at January 1, 2023	13,671,100	19,824,417	2,391,787	609,842	3,189,148	2,104,345	354,379	42,145,018
Additions	-	-	18,542	-	-	46,017	-	64,559
Disposals	-	-	(166,329)	(34,886)	(4,346)	(737,741)	-	(943,302)
<b>Balance at December 31, 2023</b>	<b>13,671,100</b>	<b>19,824,417</b>	<b>2,244,000</b>	<b>574,956</b>	<b>3,184,802</b>	<b>1,414,621</b>	<b>354,379</b>	<b>41,266,275</b>
<b>Accumulated Depreciation</b>								
Balance at January 1, 2022	-	11,569,222	2,122,775	540,292	1,352,381	1,630,539	361,889	17,577,098
Depreciation for the year	-	792,977	72,141	13,260	231,429	139,978	74,001	1,323,786
Disposals	-	(1,167,597)	-	-	-	(2,313)	(215,674)	(1,385,584)
<b>Balance at December 31, 2022</b>	<b>-</b>	<b>11,194,602</b>	<b>2,194,916</b>	<b>553,552</b>	<b>1,583,810</b>	<b>1,768,204</b>	<b>220,216</b>	<b>17,515,300</b>
Balance at January 1, 2023	-	11,194,602	2,194,916	553,552	1,583,810	1,768,204	220,216	17,515,300
Depreciation for the year	-	39,429	81,766	17,504	214,486	126,204	38,791	518,180
Disposals	-	-	(162,634)	(33,922)	(3,781)	(737,647)	-	(937,984)
<b>Balance at December 31, 2023</b>	<b>-</b>	<b>11,234,031</b>	<b>2,114,048</b>	<b>537,134</b>	<b>1,794,515</b>	<b>1,156,761</b>	<b>259,007</b>	<b>17,095,496</b>
<b>Carrying Amounts</b>								
At December 31, 2022	13,671,100	8,629,815	196,871	56,290	1,605,338	336,141	134,163	24,629,718
<b>At December 31, 2023</b>	<b>13,671,100</b>	<b>8,590,386</b>	<b>129,952</b>	<b>37,822</b>	<b>1,390,287</b>	<b>257,860</b>	<b>95,372</b>	<b>24,170,779</b>

### Depreciation

During the year, the Service carried out a reassessment of its property. The reassessment indicates the building has a remaining estimated useful life significantly longer than originally estimated. As a result, the annual depreciation rate was reduced from 4% to 2%. Had the Service continued depreciating its building on the same basis as in prior years, the depreciation charge on its building would have been greater by \$753,548, than that reported.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 14. Intangible Asset

	Software Development \$	Computer Software \$	Total \$
<b>Cost</b>			
Balance at January 1, 2022	-	2,325,814	2,325,814
Additions	826,336	73,292	899,628
<b>Balance at December 31, 2022</b>	<b>826,336</b>	<b>2,399,106</b>	<b>3,225,442</b>
Balance at January 1, 2023	826,336	2,399,106	3,225,442
Additions	791,517	-	791,517
<b>Balance at December 31, 2023</b>	<b>1,617,853</b>	<b>2,399,106</b>	<b>4,016,959</b>
<b>Accumulated Amortization</b>			
Balance at January 1, 2022	-	2,134,541	2,134,541
Amortization for the year	-	81,691	81,691
<b>Balance at December 31, 2022</b>	<b>-</b>	<b>2,216,232</b>	<b>2,216,232</b>
Balance at January 1, 2023	-	2,216,232	2,216,232
Amortization for the year	-	74,547	74,547
<b>Balance at December 31, 2023</b>	<b>-</b>	<b>2,290,779</b>	<b>2,290,779</b>
<b>Carrying Amounts</b>			
At December 31, 2022	826,336	182,874	1,009,210
<b>At December 31, 2023</b>	<b>1,617,853</b>	<b>108,327</b>	<b>1,726,180</b>

### 15. Benefits Payable

The following summarizes the benefits payable for each service branch:

	Short-term Benefit		Long-term Benefit		Employment Injury Benefit		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Benefits payable	<b>1,360,949</b>	272,226	<b>4,564,574</b>	5,057,204	<b>54,346</b>	16,476	<b>5,979,869</b>	5,345,906
<b>Total</b>	<b>1,360,949</b>	272,226	<b>4,564,574</b>	5,057,204	<b>54,346</b>	16,476	<b>5,979,869</b>	5,345,906

### 16. Accounts Payable and Accrued Liabilities

	2023 \$	2022 \$
Due to BVI Social Security	<b>139,894</b>	306,084
Contributions refundable	<b>478,539</b>	212,947
Accounts payable and accruals	<b>1,456,812</b>	529,257
Other payables	<b>59,596</b>	41,529
	<b>2,134,841</b>	1,089,817



# National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 17. Reserves

### (a) Benefit Reserves

Pursuant to section 20 of the National Insurance Act CAP 296 of the revised laws of St. Vincent and the Grenadines, the excess of income over expenses of each service branch shall be credited to a reserve fund to finance the approved benefits. The accumulated benefit reserves are not liabilities; but are appropriations of the reserves on a ratio stipulated by the NIS' regulations.

#### Apportionment of Contribution Income

In accordance with section 18 of the National Insurance Services (Financial and Accounting) Regulations of 1996, contribution income has been apportioned to the benefit branches, as recommended in the 9<sup>th</sup> actuarial valuation by the approved actuary, as follows:

	2023 %	2022 %
Long-term benefit	85.45	85.45
Short-term benefit	8.25	8.25
Employment injury benefit	6.30	6.30
	<b>100.00</b>	<b>100.00</b>

The report of the 12th actuarial valuation review of the National Insurance Fund was conducted as of December 31, 2022. It covers the 3-year period 2020 to 2022 with projections up to 75 years. The review report, dated December 22, 2023, was issued by Telus Health, the appointed actuaries. The report states that: -

*the NIS is not financially sustainable over the medium and long terms at the current benefit provisions and contribution rate. By design, the NIS is partially funded, and the current contribution rate and accumulated reserves are expected to be adequate to meet all obligations for approximately 15 to 20 years. Key assumptions in arriving at these projections are:*

- Average contribution rate – 9.85%
- Long term yield on reserves – 4.0%

*Principal demographic and economic assumptions made by the actuary include:*

- Long-term inflation – 4.6% in 2023, 2.0% thereafter
- Real increase in wages- 0.5%
- Real GDP Growth Rates
  - Short Term: 6.0%, 4.8%, 3.5%, 2.7%, 2.7%
  - Medium Term: 1.5% from 2028 to 2034
  - Long Term :0.5%

Based on the proposed reform recommendations, the actuarial estimate of the reform measures indicate that the fund exhaustion period could move from 2036 to range between 2056 and 2068.

The actual recommendations, ensuring that the NIS' solvency, are being examined by management in consultation with the Ministry of Finance of St. Vincent and the Grenadines, some of which are expected to be implemented in 2024.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 17. Reserves .....Cont'd

#### (b) National Provident Fund

The National Provident Fund (NPF) includes legacy contributors under the NIS.

#### (c) Foreign Exchange Reserve

Foreign exchange reserve comprises all foreign currency differences arising on translation of debt and equity securities classified at FVOCI.

#### (d) Fair Value Reserve

The fair value reserve comprises of:

- (i) the cumulative net change in the fair value of equity securities designated at FVOCI;
- (ii) the cumulative net change in the fair value of debt securities at FVOCI until the assets are derecognized or reclassified. This amount is reduced by the amount of loss allowance; and
- (iii) revaluation reserves relating to revaluation of investment properties.

### 18. Accumulated Other Comprehensive Income

	2023 \$	2022 \$
Unrealized foreign exchange losses	(202,215)	(56,078)
(Depreciation) Appreciation in fair value of investment securities	(2,995,247)	(4,045,051)
	<b>(3,197,462)</b>	<b>(4,101,129)</b>

The following summarises the movements in the components of other compressive income:

	2023 \$	2022 \$
<b>Unrealized Foreign Exchange Gain (Loss) on Investment Securities</b>		
Beginning of year	(56,078)	(314,930)
Exchange gain (loss) during year	(146,137)	258,852
End of year	<b>(202,215)</b>	<b>(56,078)</b>
<b>(Diminution) Appreciation in Fair Value of Investment Securities</b>		
Beginning of year	(4,045,051)	3,555,858
(Diminution) appreciation of equities	222,885	(7,869,436)
(Diminution) appreciation of debt securities	63,402	(428,585)
Share of associates – OCI ( <b>Note 11</b> )	763,517	697,112
End of year	<b>(2,995,247)</b>	<b>(4,045,051)</b>
	<b>(3,197,462)</b>	<b>(4,101,129)</b>



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 19. Contribution Income

	2023	2022
	\$	\$
Employers' contributions	40,951,236	39,500,790
Insured persons contributions	33,462,134	32,284,750
Self employed contributions	1,181,408	1,208,743
Voluntary contributions	456,448	450,205
	<b>76,051,226</b>	<b>73,444,488</b>

### 20. Net Investment Income

	2023	2022
	\$	\$
Interest on loans and advances	1,504,017	1,926,213
Interest income on investments securities	7,880,264	6,573,372
Dividend income	2,775,468	2,022,545
Rental income from investment properties	751,378	814,309
Gain on sales of investments securities	3,244,061	4,389,153
Gain on sale of investment properties	90,264	-
Investment management expenses and custodial fees	(1,173,434)	(1,493,956)
<b>Net Investment Income Realized</b>	<b>15,072,018</b>	<b>14,231,636</b>
Net foreign exchange (loss) gain on investments	(121,585)	19,108
Appreciation (decline) of fair value in investments securities	1,462,730	(9,895,131)
Credit impairment on loans (Note 8)	(973,250)	(526,680)
Credit appreciation (impairment) on investment securities	66,124	(380,479)
<b>Other Gain (Loss)</b>	<b>434,019</b>	<b>(10,783,182)</b>
<b>Net Investment Income recognized in Profit or Loss</b>	<b>15,506,037</b>	<b>3,448,454</b>

Investment management expenses are costs associated with external portfolio management advice, safe keeping financial instruments, and maintaining our brokerage accounts.

### 21. Other Income, Net

	2023	2022
	\$	\$
Rental income	614,611	445,656
(Recovery) impairment of other assets (Note 7)	1,068,809	(155,816)
Gain on disposal of property, plant and equipment	(5,318)	30,786
Loss on realization of other assets	(80,075)	-
Surcharges and other fees	534,066	411,307
	<b>2,132,093</b>	<b>731,933</b>

# National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 22. Classification of Benefits

The following summarizes the benefits expense by each service branch:

	Short-term Benefit		Long-term Benefit		Employment Injury Benefit		National Provident Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sickness benefit	2,458,448	2,799,250	-	-	-	-	-	-	2,458,448	2,799,250
Maternity benefit	988,408	1,171,251	-	-	-	-	-	-	988,408	1,171,251
Maternity grant	255,674	298,980	-	-	-	-	-	-	255,674	298,980
Funeral grant	-	-	2,294,564	2,255,319	-	-	-	-	2,294,564	2,255,319
Invalidity benefit	-	-	1,296,543	1,141,968	-	-	-	-	1,302,598	1,150,689
Survivor's benefit	-	-	7,200,808	6,756,119	-	-	6,055	8,721	7,223,719	6,792,632
Age benefit	-	-	71,452,844	67,780,279	-	-	22,911	36,513	72,943,343	69,432,584
Age grant	-	-	1,814,681	727,006	-	-	1,490,499	1,652,305	1,814,681	727,006
NIS employment injury medical	-	-	-	-	9,575	2,807	-	-	9,575	2,807
NIS employment injury	-	-	-	-	138,224	108,069	-	-	138,224	108,069
NIS employment disablement	-	-	-	-	91,887	91,150	-	-	91,887	91,150
NIS employment death	-	-	-	-	51,048	56,380	-	-	51,048	56,380
Non-contributory assistance age pension	-	-	378,880	422,539	-	-	-	-	378,880	422,539
Elderly assistance benefit	-	-	229,651	232,050	-	-	-	-	229,651	232,050
<b>Total Expenditure</b>	<b>3,702,530</b>	<b>4,269,481</b>	<b>84,667,971</b>	<b>79,315,280</b>	<b>290,734</b>	<b>258,406</b>	<b>1,519,465</b>	<b>1,697,539</b>	<b>90,180,700</b>	<b>85,540,706</b>



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 23. General and Administrative Expenses

	2023	2022
	\$	\$
Accommodation and travel expenses	129,856	86,764
Advertising and promotion	115,802	34,144
Amortization expense (Note 14)	74,547	81,691
Annual awards dinner and anniversary celebrations	5,652	10,500
Audit fees	108,700	103,530
Bank charges	93,852	96,284
Cleaning expense	111,892	112,140
Depreciation expense (Note 13)	518,180	1,323,786
Directors' fees and expenses	152,504	171,753
Donations, community and education projects	552,159	1,046,639
Insurance	203,272	210,073
Legal fees	1,080	2,171
Miscellaneous expenses	26,616	19,279
Office expenses	39,854	35,752
Postage and stationery	87,885	112,370
Post office charges	48,000	48,000
Professional fees	702,538	472,115
Repairs and maintenance	364,665	453,061
Staff costs (Note 24)	5,820,200	5,586,123
Subscriptions	712,636	432,773
Security	173,977	167,501
Utilities	649,206	653,217
	<b>10,693,073</b>	<b>11,259,666</b>

## 24. Staff Costs

	2023	2022
	\$	\$
Salaries and wages	5,017,440	4,852,330
National Insurance contributions	188,213	187,832
Retirement benefit plan contributions (Note 26)	253,469	255,042
Staff training	75,307	111,514
Uniforms and medical insurance	285,771	179,405
	<b>5,820,200</b>	<b>5,586,123</b>
Number of employees at December 31	<b>82</b>	<b>90</b>

## 25. Income Tax

The National Insurance Services is exempt from the payment of income tax under the Income Tax Act, 1979.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 26. Retirement Benefit Plan

The National Insurance Services provides retirement benefits under a defined contribution plan, which was administered by Colonial Life Insurance Company (Trinidad) Limited (CLICO), currently under judicial management, for its permanent employees. Under the plan's provisions, the National Insurance Services and its permanent employees are required to contribute 6% and 3% respectively, of the employees' basic monthly salary to the plan. During the year, the National Insurance Services' contributions to the pension plan, which amount to \$253,469 (2022: \$255,042), were charged to profit or loss. Effective October 2010, the NIS suspended payment directly to CLICO and commenced making the contributions into a deposit account at the Bank of St. Vincent and the Grenadines Ltd. for the benefit of staff. The pension fund's assets are not included in these financial statements.

### 27. Classification of Financial Assets and Financial Liabilities

The table below provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Amortized Cost \$	Fair Value through Other Comprehensive Income \$	Financial Asset at Fair Value through Profit or Loss \$	Total \$
<b>December 31, 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	66,123,559	-	-	66,123,559
Contributions receivable	3,207,529	-	-	3,207,529
Other assets	760,597	-	-	760,597
Loans and advances	26,344,350	-	-	26,344,350
Investment securities and deposits	186,076,774	34,337,811	41,132,270	261,546,855
<b>Total Financial Assets</b>	<b>282,512,809</b>	<b>34,337,811</b>	<b>41,132,270</b>	<b>357,982,890</b>
<b>Liabilities</b>				
Benefits payable	5,979,869	-	-	5,979,869
Accounts payable and accrued liabilities	2,134,841	-	-	2,134,841
<b>Total Financial Liabilities</b>	<b>8,114,710</b>	<b>-</b>	<b>-</b>	<b>8,114,710</b>



# National Insurance Services

Notes to the Financial Statement  
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## 27. Classification of Financial Assets and Financial Liabilities .....Cont'd

	Amortized Cost \$	Fair Value through Other Comprehensive Income \$	Financial Asset at Fair Value through Profit or Loss \$	Total \$
<b>December 31, 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	47,601,205	-	-	47,601,205
Contributions receivable	3,407,946	-	-	3,407,946
Other assets	7,597,721	-	-	7,597,721
Loans and advances	33,538,923	-	-	33,538,923
Investment securities and deposits	174,876,289	53,887,222	37,664,337	266,427,848
<b>Total Financial Assets</b>	<b>267,022,084</b>	<b>53,887,222</b>	<b>37,664,337</b>	<b>358,573,643</b>
<b>Liabilities</b>				
Benefits payable	5,345,906	-	-	5,345,906
Accounts payable and accrued liabilities	1,089,817	-	-	1,089,817
<b>Total Financial Liabilities</b>	<b>6,435,723</b>	<b>-</b>	<b>-</b>	<b>6,435,723</b>

## 28. Financial Risk Review

### (a) Introduction and Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the NIS' exposure to each of the above risks, the NIS' objectives, policies and processes for measuring and managing risks, and the NIS' management of reserves.

### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the NIS' risk management framework.

The NIS' risk management policies are established to identify, assess, manage, monitor and report the risks faced by the NIS. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The NIS, through its training and management standards and procedures, aims to develop a disciplined and constructive environment, in which all employees understand their roles and obligations.

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

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(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (a) Introduction and Overview .....Cont'd

#### **Risk Management Framework .....Cont'd**

The NIS' Audit and Risk Committees are responsible for monitoring compliance with the NIS' risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the NIS. The Audit Committee and the Risk Management Committee are assisted in these functions by the Internal Audit Department and Internal Risk Management Unit. Both internal units perform both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk Management Committee.

### (b) Credit Risk

Credit risk is the risk of financial loss to the NIS if a contributor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from contributions receivable, loans and investment securities and deposits.

#### **Exposure to Credit Risk**

The carrying amount of the financial assets represents the maximum credit exposure.

#### **Management of Credit Risk**

The Board of Directors has responsibility for the management of credit risk, and this includes:

- Formulating credit policies covering collateral requirements, credit assessment, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval of investment and loans.
- Reviewing and assessing credit risk including assessing all credit exposures in excess of designated limits, prior to funds being committed to new investments. Loans are subject to the same review process.

Impaired loans and securities are loans and securities for which the NIS determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/security agreements.



# National Insurance Services

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## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (i) Credit Quality Analysis IFRS 9

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>December 31, 2023</b>				
<b>Debt Securities Measured at Amortized Cost</b>				
Investment grade	84,286,404	-	-	84,286,404
Non-investment grade	87,750,159	12,190,364	-	99,940,523
Credit impaired	-	-	19,612,467	19,612,467
<b>Gross Carrying Amount</b>	<b>172,036,563</b>	<b>12,190,364</b>	<b>19,612,467</b>	<b>203,839,394</b>
Less: loss allowance	(512,897)	(383,002)	(16,866,721)	(17,762,620)
<b>Carrying Amount</b>	<b>171,523,666</b>	<b>11,807,362</b>	<b>2,745,746</b>	<b>186,076,774</b>
<b>Debt Securities Measured at FVOCI</b>				
Investment grade	3,009,848	-	-	3,009,848
Non-investment grade	-	-	-	-
Credit impaired	-	-	-	-
<b>Gross Carrying Amount</b>	<b>3,009,848</b>	<b>-</b>	<b>-</b>	<b>3,009,848</b>
loss allowance	(246)	-	-	(246)
<b>Carrying Amount</b>	<b>2,973,110</b>	<b>-</b>	<b>-</b>	<b>2,973,110</b>
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>December 31, 2023</b>				
<b>Loans to Corporations and Public Sector Measured at Amortized Cost</b>				
Investment grade	-	-	-	-
Non-investment grade	9,518,517	-	-	9,518,517
Credit impaired	-	-	23,467,886	23,467,886
<b>Gross Carrying Amount</b>	<b>9,518,517</b>	<b>-</b>	<b>23,467,886</b>	<b>32,986,403</b>
Less: loss allowance	(42,754)	-	(11,972,046)	(12,014,800)
<b>Carrying Amount</b>	<b>9,475,763</b>	<b>-</b>	<b>11,495,840</b>	<b>20,971,603</b>
<b>Loans to Employees Measured at Amortized Cost</b>				
Performing	5,236,413	-	271,136	5,507,549
Past due but not credit impaired	-	-	-	-
Credit impaired	-	-	-	-
<b>Gross Carrying Amount</b>	<b>5,236,413</b>	<b>-</b>	<b>271,136</b>	<b>5,507,549</b>
Less: loss allowance	(52,668)	-	(82,134)	(134,802)
<b>Carrying Amount</b>	<b>5,183,745</b>	<b>-</b>	<b>189,002</b>	<b>5,372,747</b>
	<b>14,659,508</b>	<b>-</b>	<b>11,684,842</b>	<b>26,344,350</b>

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (i) Credit Quality Analysis IFRS 9 .....Cont'd

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>December 31, 2022</b>				
<b>Debt Securities Measured at Amortized Cost</b>				
Investment grade	58,669,382	-	-	58,669,382
Non-investment grade	99,998,510	14,451,575	-	114,450,085
Credit impaired	-	-	19,612,467	19,612,467
<b>Gross Carrying Amount</b>	<b>158,667,892</b>	<b>14,451,575</b>	<b>19,612,467</b>	<b>192,731,934</b>
Less: loss allowance	(536,636)	(452,288)	(16,866,721)	(17,855,645)
<b>Carrying Amount</b>	<b>158,131,256</b>	<b>13,999,287</b>	<b>2,745,746</b>	<b>174,876,289</b>
<b>Debt Securities Measured at FVOCI</b>				
Investment grade	3,822,188	-	-	3,822,188
Non-investment grade	-	-	-	-
Credit impaired	-	-	-	-
<b>Gross Carrying Amount</b>	<b>3,822,188</b>	<b>-</b>	<b>-</b>	<b>3,822,188</b>
loss allowance	(436)	-	-	(436)
<b>Carrying Amount</b>	<b>3,821,752</b>	<b>-</b>	<b>-</b>	<b>3,821,752</b>
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>December 31, 2022</b>				
<b>Loans to Corporations and Public Sector Measured at Amortized Cost</b>				
Investment grade	-	-	-	-
Non-investment grade	15,536,178	-	-	15,536,178
Credit impaired	-	-	23,781,966	23,781,966
<b>Gross Carrying Amount</b>	<b>15,536,178</b>	<b>-</b>	<b>23,781,966</b>	<b>39,318,144</b>
Less: loss allowance	(63,742)	-	(10,964,035)	(11,027,777)
<b>Carrying Amount</b>	<b>15,472,436</b>	<b>-</b>	<b>12,817,931</b>	<b>28,290,367</b>
<b>Loans to Employees Measured at Amortized Cost</b>				
Performing	5,125,995	-	271,136	5,397,131
Past due but not credit impaired	-	-	-	-
Credit impaired	-	-	-	-
<b>Gross Carrying Amount</b>	<b>5,125,995</b>	<b>-</b>	<b>271,136</b>	<b>5,397,131</b>
Less: loss allowance	(66,441)	-	(82,134)	(148,575)
<b>Carrying Amount</b>	<b>5,059,554</b>	<b>-</b>	<b>189,002</b>	<b>5,248,556</b>
	<b>20,531,990</b>	<b>-</b>	<b>13,006,933</b>	<b>33,538,923</b>



# National Insurance Services

Notes to the Financial Statement  
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## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (i) Credit Quality Analysis IFRS 9 .....Cont'd

	2023 \$	2022 \$
<b>Contributions Receivable Measured at Amortized Cost</b>		
Current	800,945	1,758,246
Past due 0 – 30	164,013	103,867
Past due 31 – 60	41,693	50,081
Past due 61 -90	39,338	38,127
Non-performing	10,119,210	11,494,517
Gross carrying amount	11,165,199	13,444,838
Less: loss allowance (Note 6)	(7,957,670)	(10,036,892)
Carrying amount	3,207,529	3,407,946
	2023 \$	2022 \$
<b>Rent Receivables Measured at Amortized Cost</b>		
Current	(6,984)	17,433
Past due 0 – 30	200	44,579
Past due 31 – 60	1,680	30,553
Past due 61 -90	1,540	6,788
Non-performing	314,304	130,647
Gross carrying amount	310,740	230,000
Less: loss allowance	(250,171)	(184,392)
Carrying amount	60,569	45,608

#### (ii) Expected Credit Loss Measurement

The NIS recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- contributions receivable;
- rent receivables; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

Expected credit losses are the probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the NIS if the commitment is drawn down and the cash flows that the NIS expects to receive;

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 28. Financial Risk Review .....Cont'd

#### (b) Credit Risk .....Cont'd

##### (ii) Expected Credit Loss Measurement .....Cont'd

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

#### General Approach

Loss allowance under IFRS 9 for investment securities and the staff loan portfolio are estimated under the requirements of the general approach. The following outlines the requirements of IFRS 9 general approach for impairment provisions, which is based on changes in credit quality since initial recognition:

**Stage 1** – A debt instrument is categorized in stage 1 if there is no significant increase in credit risk. Expected credit losses are estimated based on default events that are possible in the next 12 months.

**Stage 2** – If the debt instrument is not credit impaired but there is a significant increase in credit risk (see below), the debt instrument is transferred to stage 2. Expected credit losses at stage 2 are estimated based on all possible events over the life of an asset. Interest revenue is recorded on the carrying amount: gross of expected credit losses.

**Stage 3** – If a debt instrument is credit impaired it is categorized as stage 3. Like stage 2 instruments, lifetime expected losses are estimated. Interest revenue is recorded on the carrying amount, net of expected credit losses.

#### Simplified Approach

The NIS estimated expected credit losses for contributions receivable and rent receivables by applying the simplified approach. Under this approach, expected credit losses are recognized on a lifetime basis, utilizing a provision matrix or ageing analysis to calculate default rates.

#### Significant Increase in Credit Risk

For debt securities, the NIS assesses significant increase in credit risk based on credit risk migration or backstop criteria. Credit risk migration criteria is reliant on the IFRS 9 low credit risk exemption, which assumes no significant increase in credit risk for investment grade instruments. On the other hand, the backstop criteria are utilized when there is insufficient information to determine credit risk rating.

As far as available and practical, public external ratings in the source of credit ratings. In instances where securities are unrated, the ratings are determined internally by applying Moody's Methodology for the sector to which the investment security is assigned. As a matter of policy, if there is insufficient information available to conduct an internal rating, then significant increase in credit risk may be determined by qualitative and quantitative credit risk factors. In these situations, the NIS must exercise clear and sound judgement in credit risk rating. Credit risk factors include inter alia:

- Significant adverse changes in business, financial or economic risk associated with the borrower
- Expected forbearance or restructuring
- Indications of significant adverse operating results
- Significant reduction in collateral value for secured obligations
- Early signs of liquidity problems

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

##### Default and Credit Impaired

The NIS defines a financial instrument as “in default” or credit impaired based on the following:

- Quantitative Criteria:
  - More than 90 days past due on its contractual payments
- Qualitative Criteria:
  - The issuer is in long-term forbearance
  - The issuer is insolvent
  - The issuer is in breach of financial covenants
  - The issuer is expected to enter into bankruptcy

##### Credit Risk Curing

Debt instruments classified as stage 3 and stage 2 are reclassified if the following conditions are satisfied:

- Stage 3 debt instruments are reclassified to stage 2 or 1 if the instrument is no longer deemed to be credit impaired. The quantitative and qualitative criteria for both stages 2 and 1 will determine the stage to which the instrument is categorized.
- An instrument classified as stage 2 will be classified as stage 1 when the credit risk is deemed to be low based on the quantitative factors.

##### Expected Credit Loss Model

The components of the expected credit loss model are the probability of default (PD), the exposure at default (EAD), the loss given default (LGD) and the effective interest rate.

##### Debt Securities

The expected credit loss for contribution and rent receivable is the product of the Probability of Default, Loss Given Default and Exposure at Default, discounted to the report date using the effective interest rate.

##### Contribution and Rent Receivables

The expected credit loss for contribution and rent receivable is the product of the default rate and carrying value discounted to the report date using the NIS actuarial hurdle rate.

##### Probability of Default

The probability of default (PD) represents likelihood of default over the next 12 months or over the remaining lifetime of the financial asset.

For debt securities exclusive of staff loans, cumulative PDs published in Moody's rating agency Default Study are integrated into the expected credit loss model on the basis of credit rating or credit quality.



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

##### Expected Credit Loss Model .....Cont'd

##### Probability of Default .....Cont'd

Due to insufficient historical data and supportable information, staff loan default rate is approximated by a variable with a universal scope. In this regard, the NIS incorporates non-performing loans (NPL) ratios for the banking sector of St. Vincent and the Grenadines, published by the Eastern Caribbean Central Bank. To convert the observed NPL ratios into cumulative or lifetime default rates, the NIS uses an exponential transformation function.

Default rates for contribution and rent receivables comprise the following:

- Calculation of marginal default rates or roll rates from historical ageing analysis; and
- Exponential transformation of average roll rate to establish a default rate term structure of cumulative or lifetime measures

##### Exposure at Default

Exposure at default (EAD) include amounts the NIS estimates to be outstanding at the time of default, over the next 12 months or over the remaining lifetime. Estimates take account for contractual cash flows of financial instruments to establish a point in time measure of the EAD.

##### Loss given Default

Loss given default provides an estimate of the expectation of the extent of loss on a defaulted exposure. The LGD takes the form of the percentage loss per unit of exposure, which is residual of any recoverable value. Therefore, the LGD model is applied as one minus the recovery rate of the security (1-r) with the recoverable amount calculated based on the following considerations:

- The value of collateral for secured financial assets;
- Risk neutral credit spreads;
- Cash flows from debt exchange/workout;
- Moody's recovery rates as per priority ranking;
- The prospect of regulatory or home authority support for regulated financial institutions; and
- The application of adequate management overlay where estimates of the recoverable value are irrelevant.

The table below shows techniques for estimating the LGD:

Approach	Description	Scope
Asset pricing model LGD	This approach assumes that the spread above risk free rate reflects the recovery rate once the PD is estimated	Sovereign bonds Treasury bills
Work-out LGD	Present value of estimated cash flows resulting from work-out or recovery process	Loans Fixed deposits
Market-based LGD	Estimates of LGD are derived from recovery rates published by external rating agency	Corporate bonds

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

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(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

##### Expected Credit Loss Model .....Cont'd

##### *Forward-looking Information*

To incorporate forward-looking information into the estimate of the ECL, the NIS:

- Considers macroeconomic forecasts for indicators, such as, unemployment rate, GDP, inflation, debts to GDP, interest rates and credit spreads from reputable sources to form expectations for input into forecasting model;
- Selects an appropriate stochastic process to produce forecasts of macroeconomic variables over a five-year period; and
- Incorporates multiple scenarios by:
  - Examining historical experience;
  - Applying an appropriate simulation technique to generate a large number of alternative economic scenarios;
  - Selecting economic scenarios that correspond to a 10.0 per cent downside (10<sup>th</sup> percentile), a base case (50<sup>th</sup> percentile), and 10.0 percent upside (90<sup>th</sup> percentile), respectively;
  - Calculating the likelihood or probability weight of each selected scenarios based on the statistical properties from the distribution of the scenarios;
  - Transforming through the cycle PDs with an appropriate credit risk model; and
  - Applying judgemental overlay or through the cycle PDs when economic forecasts are unreliable or there is an absence of reasonable or supportable input data.

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

Amounts arising from ECLs

	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>Debt Securities Measured at Amortized Cost</b>				
<b>Balance at January 1</b>	<b>536,636</b>	<b>452,288</b>	<b>16,866,721</b>	<b>17,855,645</b>
Transfer to stage 1	19,649	(19,649)	-	-
Transfer to stage 2	(547)	547	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(69,570)	(50,184)	-	(119,754)
Net assets originated or purchased	127,447	-	-	127,447
Assets derecognized or repaid	(100,718)	-	-	(100,718)
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>512,897</b>	<b>383,002</b>	<b>16,866,721</b>	<b>17,762,620</b>
<b>Debt Securities Measured at FVOCI</b>				
<b>Balance at January 1</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>436</b>
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(6)	-	-	(6)
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	(184)	-	-	(184)
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>246</b>
	<b>513,143</b>	<b>383,002</b>	<b>16,866,721</b>	<b>17,762,866</b>



# National Insurance Services

Notes to the Financial Statement  
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## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

Amounts arising from ECLs

	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>Loans to Corporations and Public Sector Measured at Amortized Cost</b>				
<b>Balance at January 1</b>	63,742	-	10,964,035	11,027,777
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(20,988)	-	1,008,011	987,023
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>42,754</b>	<b>-</b>	<b>11,972,046</b>	<b>12,014,800</b>

#### **Loans to Employees Measured at Amortized Cost**

<b>Balance at January 1</b>	66,441	-	82,134	148,575
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(23,963)	-	-	(23,963)
Net assets originated or purchased	11,423	-	-	11,423
Assets derecognized or repaid	(1,233)	-	-	(1,233)
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>52,668</b>	<b>-</b>	<b>82,134</b>	<b>134,802</b>

	2023				
	Current	0-30	31-60	61 – 90	Over 90
	\$	\$	\$	\$	\$
<b>Contributions Receivable</b>					
<b>Balance at January 1</b>	224,132	579,130	68,674	44,812	9,120,144
Net remeasurement of loss allowance	169,785	(463,309)	(38,525)	(16,310)	(1,730,863)
<b>Balance at December 31</b>	<b>393,917</b>	<b>115,821</b>	<b>30,149</b>	<b>28,502</b>	<b>7,389,281</b>

#### **Rent Receivable**

<b>Balance at January 1</b>	-	587	2,284	-	181,521
Net remeasurement of loss allowance	-	(437)	(1,103)	1,117	66,202
<b>Balance at December 31</b>	<b>-</b>	<b>150</b>	<b>1,181</b>	<b>1,117</b>	<b>247,723</b>

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

Amounts arising from ECLs

	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>Debt Securities Measured at Amortized Cost</b>				
<b>Balance at January 1</b>	478,605	211,527	16,785,034	17,475,166
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(2,395)	2,395	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	55,171	238,536	81,687	375,394
Net assets originated or purchased	30,537	-	-	30,537
Assets derecognized or repaid	(25,282)	(170)	-	(25,452)
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>536,636</b>	<b>452,288</b>	<b>16,866,721</b>	<b>17,855,645</b>
<b>Debt Securities Measured at FVOCI</b>				
<b>Balance at January 1</b>	543	-	-	543
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(107)	-	-	(107)
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at December 31</b>	<b>436</b>	<b>-</b>	<b>-</b>	<b>436</b>
	<b>537,072</b>	<b>452,288</b>	<b>16,866,721</b>	<b>17,856,081</b>

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (ii) Expected Credit Loss Measurement .....Cont'd

Amounts arising from ECLs

	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>Loans to Corporations and Public Sector Measured at Amortized Cost</b>				
<b>Balance at January 1</b>	64,233	-	10,437,100	10,501,333
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(491)	-	526,935	526,444
Net assets originated or purchased	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at December 31</b>	63,742	-	10,964,035	11,027,777

#### **Loans to Employees Measured at Amortized Cost**

<b>Balance at January 1</b>	66,205	-	82,134	148,339
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net measurement of loss allowance	(18,483)	-	-	(18,483)
Net assets originated or purchased	19,575	-	-	19,575
Assets derecognized or repaid	(856)	-	-	(856)
Write-offs	-	-	-	-
<b>Balance at December 31</b>	66,441	-	82,134	148,575

	2022					
	Current	0-30	31-60	61 – 90	Over 90	Total
	\$	\$	\$	\$	\$	\$
<b>Contributions Receivable</b>						
<b>Balance at January 1</b>	199,937	61,924	25,752	21,816	7,730,910	8,040,339
Net remeasurement of loss allowance	24,195	517,206	42,922	22,996	1,389,234	1,996,553
<b>Balance at December 31</b>	224,132	579,130	68,674	44,812	9,120,144	10,036,892

#### **Rent Receivable**

<b>Balance at January 1</b>	-	1,226	254	-	393,280	394,760
Net remeasurement of loss allowance	-	(639)	2,030	-	(211,759)	(210,368)
<b>Balance at December 31</b>	-	587	2,284	-	181,521	184,392



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (iii) Collateral held and Other Credit Enhancements

The NIS holds collateral against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure:

	Percentage of Exposure that is Subject to Collateral Requirements		Principal Type of Collateral Held
	2023 %	2022 %	
<b>Loans and Advances</b>			
Loans to Government of St. Vincent and the Grenadines	100	100	Property and Government guarantees
Loans to other statutory bodies	100	100	Property and Government guarantees
Staff loans	99	99	Property and bills of sale
Other	100	100	Property and Government guarantees
<b>Investment Debt Securities</b>			
Government bonds	-	-	None
Corporate bonds	-	-	None
Contributions receivable	-	-	None

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (iv) Concentration of Credit Risk

The maximum exposure of credit risk by geographic region was:

	Contributions Receivable	Other Assets	Loans and Advances	Investment Securities and Deposits	Total
	\$	\$	\$	\$	\$
<b>December 31, 2023</b>					
Domestic	3,207,529	760,597	26,344,350	74,960,542	105,273,018
OECS	-	-	-	14,787,945	14,787,945
Other Caribbean	-	-	-	47,378,537	47,378,537
Other	-	-	-	124,419,831	124,419,831
<b>Carrying Amount</b>	<b>3,207,529</b>	<b>760,597</b>	<b>26,344,350</b>	<b>261,546,855</b>	<b>291,859,331</b>

	Contributions Receivable	Other Assets	Loans and Advances	Investment Securities and Deposits	Total
	\$	\$	\$	\$	\$
<b>December 31, 2022</b>					
Domestic	3,407,946	7,597,721	33,538,923	89,312,423	133,857,013
OECS	-	-	-	13,287,033	13,287,033
Other Caribbean	-	-	-	71,298,198	71,298,198
Other	-	-	-	92,530,194	92,530,194
<b>Carrying Amount</b>	<b>3,407,946</b>	<b>7,597,721</b>	<b>33,538,923</b>	<b>266,427,848</b>	<b>310,972,438</b>

# National Insurance Services

Notes to the Financial Statement

For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (b) Credit Risk .....Cont'd

#### (v) Concentration of Credit Risk

The maximum exposure of credit risk by sector was:

	Other Assets \$	Loans and Advances \$	Investment Securities and Deposits \$	Total \$
<b>December 31, 2023</b>				
Local government and other related entities	760,597	19,358,179	50,350,538	70,469,314
Other governments	-	-	43,553,105	43,553,105
Corporate	-	1,613,424	167,643,212	169,256,636
Employees	-	5,372,747	-	5,372,747
<b>Carrying Amount</b>	<b>760,597</b>	<b>26,344,350</b>	<b>261,546,855</b>	<b>288,651,802</b>

	Other Assets \$	Loans and Advances \$	Investment Securities and Deposits \$	Total \$
<b>December 31, 2022</b>				
Local government and other related entities	7,597,721	24,140,538	42,204,464	73,942,723
Other governments	-	-	39,717,703	39,717,703
Corporate	-	4,149,829	184,505,681	188,655,510
Employees	-	5,248,556	-	5,248,556
<b>Carrying Amount</b>	<b>7,597,721</b>	<b>33,538,923</b>	<b>266,427,848</b>	<b>307,564,492</b>



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review ..... Cont'd

### (c) Liquidity Risk

Liquidity risk is the risk that the NIS will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The NIS' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the NIS' reputation.

The following were contractual maturities of financial liabilities at the reporting date:

	Carrying Amount \$	Contractual Cash Flows \$	Under 1 Year \$	1 – 5 Years \$	6 – 10 Years \$	Over 10 Years \$
<b>December 31, 2023</b>						
<b>Non-Derivative Financial Assets</b>						
Cash and cash equivalents	66,123,559	66,123,559	66,123,559	-	-	-
Contributions receivable	3,207,529	3,207,529	3,207,529	-	-	-
Other assets	760,597	760,597	760,597	-	-	-
Loans and advances	26,344,350	48,806,378	9,616,849	6,723,175	32,466,354	-
Investment securities and deposits	261,546,855	301,501,873	55,088,801	78,186,187	54,660,107	113,566,778
	357,982,890	420,399,936	134,797,335	84,909,362	87,126,461	113,566,778
<b>Non-Derivative Financial Liabilities</b>						
Benefits payable	(5,979,869)	(5,979,869)	(5,979,869)	-	-	-
Accounts payable and accrued liabilities	(2,134,841)	(2,134,841)	(2,134,841)	-	-	-
Deferred income	-	-	-	-	-	-
	(8,114,710)	(8,114,710)	(8,114,710)	-	-	-
<b>Net Liquidity Gap</b>	349,868,180	412,285,226	126,682,625	84,909,362	87,126,461	113,566,778

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (c) Liquidity Risk .....Cont'd

#### December 31, 2022

##### Non-Derivative Financial Assets

Cash and cash equivalents	47,601,205	47,601,205	-	-	-
Contributions receivable	3,407,946	3,407,946	-	-	-
Other assets	7,597,721	7,597,721	-	-	-
Loans and advances	33,538,923	45,665,738	13,845,345	23,593,518	5,248,265
Investment securities and deposits	266,427,848	302,491,164	62,119,198	56,762,121	114,265,026
	358,573,643	406,763,774	75,964,543	80,355,639	119,513,291

##### Non-Derivative Financial Liabilities

Benefits payable	(5,345,906)	(5,345,906)	-	-	-
Accounts payable and accrued liabilities	(1,089,817)	(1,089,817)	-	-	-
Deferred income	-	-	-	-	-
	(6,435,723)	(6,435,723)	-	-	-

#### Net Liquidity Gap

	352,137,920	400,328,051	124,494,578	75,964,543	80,355,639
					119,513,291

#### Exposure to Liquidity Risk

The key metric used by the NIS for measuring liquidity requirements is the ratio of budgeted contributions income to benefits payable.

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (d) Market Risk

Market risk is the risk that changes in the value market, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the NIS' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The table below sets out the allocation of financial assets and financial liabilities subject to market risk between trading and non-trading portfolios.

	Market Risk Measure		
	Carrying Amount \$	Trading Portfolios \$	Non-Trading Portfolios \$
<b>December 31, 2023</b>			
<b>Assets subject to Market Risk</b>			
Cash and cash equivalents	66,123,559	-	66,123,559
Loans and advances	26,344,350	-	26,344,350
Investments securities and deposits	261,546,855	41,132,270	220,414,585
<b>Total</b>	<b>354,014,764</b>	<b>41,132,270</b>	<b>312,882,494</b>

	Market Risk Measure		
	Carrying Amount \$	Trading Portfolios \$	Non-Trading Portfolios \$
<b>December 31, 2022</b>			
<b>Assets subject to Market Risk</b>			
Cash and cash equivalents	47,601,205	-	47,601,205
Loans and advances	33,538,923	-	33,538,923
Investments securities and deposits	266,427,848	37,664,337	228,763,511
<b>Total</b>	<b>347,567,976</b>	<b>37,664,337</b>	<b>309,903,639</b>



# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

## 28. Financial Risk Review .....Cont'd

### (d) Market Risk .....Cont'd

#### Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The NIS is exposed to foreign currency risk on transactions that are denominated in a currency other than the functional currency, the EC dollar. There is no exposure to foreign currency risk in respect of the United States dollar because the EC is pegged at EC\$2.70 for USD\$1. However, there is exposure to foreign currency risk affecting the NIS' statement of profit or loss resulting from the fluctuations of other currencies like the Canadian dollar (CAD) and the Republic of Trinidad and Tobago dollar (TTD). The NIS also has foreign currency exposure affecting its equity.

The NIS' exposure to currency risk was as follows, based on notional amounts:

	December 31, 2023		
	CAD \$	TTD \$	Other \$
Investment securities and deposits	482,380	11,928,577	1,677,796
<b>Total Exposure</b>	<b>482,380</b>	<b>11,928,577</b>	<b>1,677,796</b>
	December 31, 2022		
	CAD \$	TTD \$	Other \$
Investment securities and deposits	433,817	8,789,101	1,791,584
<b>Total Exposure</b>	<b>433,817</b>	<b>8,789,101</b>	<b>1,791,584</b>

The following significant exchange rates have been applied during the year:

	2023 EC\$	2022 EC\$
1 TTD	0.3831	0.3858
1 CAD	2.0325	1.9847

A reasonably possible strengthening (weakening) of the Eastern Caribbean dollar against all other relevant currencies at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected reserves and affected reserves and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2023 EC\$	2022 EC\$	2023 EC\$	2022 EC\$
	Strengthening	Weakening	Strengthening	Weakening
TTD (10% movement)	1,192,858	(1,192,858)	878,910	(878,910)
CAD (10% movement)	48,238	(48,238)	43,382	(43,382)

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 28. Financial Risk Review .....Cont'd

#### (d) Market Risk .....Cont'd

##### Interest Rate Risk

The NIS adopts a policy of ensuring that 55% of its exposure to changes in interest rates is on a fixed-rates basis, taking into account assets with exposure to changes in interest rates. The NIS does not enter into any interest rate swaps as hedges of the variability in cash flows attributable to interest rate risks.

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

##### Fixed Rate Instruments

	Carrying Amount	
	2023	2022
	\$	\$
Interest-earning financial assets	<b>215,083,491</b>	207,377,150

##### Fair Value Sensitivity Analysis for Fixed Rate Instruments

The NIS does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 29. Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market price or dealer price quotations. For all other financial instruments, the NIS determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

When measuring the fair value of an asset or a liability, the NIS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The NIS recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The NIS measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly or (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments values using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market date.

# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 29. Fair Value of Financial Instruments .....Cont'd

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

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

#### (a) Financial Assets Measured at Fair Value

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 31, 2023</b>				
Debt securities	-	2,988,264	-	2,988,264
Equities	58,403,572	11,879,713	2,206,469	72,489,754
	58,403,572	14,867,977	2,206,469	75,478,018
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 31, 2022</b>				
Debt securities	-	3,731,322	-	3,731,322
Equities	50,514,818	34,880,215	2,388,420	87,783,453
	50,514,818	38,611,537	2,388,420	91,514,775

Unobservable inputs used in measuring Level 3 fair values:

Valuation Technique	Significant Unobservable Inputs	Inter-Relationship between Key Unobservable Inputs and Fair Value Measurement
Asset based approach with discounts applied where prudent, with subsequent consideration of the NIS' shareholding	Net assets  Shareholding percentage	The estimated fair value would increase (decrease) if:  Net assets were higher (lower)  Shareholding increases (decreases)

There are no movements between level 2 and level 3 investment securities.

#### (b) Financial Assets not Measured at Fair Value

For other financial instruments which include cash and cash equivalents, loans and advances, investment securities at amortized cost, interest receivable on loans and investment securities, contributions receivable and benefits payable, the carrying amount is a reasonable approximation of the fair value.



# National Insurance Services

## Notes to the Financial Statement For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

### 30. Regulatory Reserves

The National Insurance (Financial and Accounting) Regulations 1996 sets the capital requirements for the NIS as a whole.

In implementing current reserve requirements, the regulation requires that the NIS transfer the excess of income over expenses for each branch to a separate reserve at the end of the year.

The NIS' regulatory reserves are analyzed into three categories:

- Short-term benefit reserve;
- Long-term benefit reserve; and
- Employment injury benefit reserve.

The NIS' policy is to maintain a strong reserve base so as to sustain future development of the NIS and finance approved benefits. The NIS recognizes the need to maintain a balance between the higher benefit payments that might be possible, and the advantages and security afforded by a sound reserve position.

There was no material change in the NIS' management of reserves during the period.

### 31. Related Parties

#### (a) Identification of Related Party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (i) A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (ii) An entity is related to a reporting entity if any of the following conditions applies:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

# National Insurance Services

Notes to the Financial Statement  
For the Year Ended December 31, 2023

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(in Eastern Caribbean dollars)

## 31. Related Parties .....Cont'd

### (a) Identification of Related Party .....Cont'd

(iii) An entity is related to a reporting entity if any of the following conditions applies .....cont'd:

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

### (b) Related Party Transactions and Balances

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

### (c) Transactions with Key Management Personnel

- Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees.
- Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care.
- Other long-term employee benefits, including long-services leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation.
- Termination benefits.

The NIS is controlled by the Government of St. Vincent and the Grenadines.

Government refers to government, government agencies and similar bodies whether local, national or international.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

# National Insurance Services

## Notes to the Financial Statement

### For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

#### 31. Related Parties .....Cont'd

Significant transactions with related parties during the year were as follows:

	Net Transaction Values for the Year Ended December 31		Balance as at December 31	
	2023	2022	2023	
	\$	\$	\$	
<b>Loans and Advances</b>				
National Lotteries Authority	(750,753)	(703,874)	1,654,840	2,40
Bank of St. Vincent and the Grenadines	(2,540,792)	(3,724,115)	1,617,289	4,15
Government of St. Vincent and the Grenadines	(2,511,426)	(1,989,954)	4,997,701	7,50
National Student Loan Company	-	-	20,955,860	20,95
Central Water and Sewerage Authority	(133,492)	(128,586)	1,177,672	1,31
Staff	110,709	143,682	5,507,549	5,39
<b>Investments</b>				
Government of St. Vincent and the Grenadines	7,556,007	(7,110,665)	50,999,000	43,44
Campden Park Container Port	(26,900)	-	100	2
<b>Rent</b>				
Government of St. Vincent and the Grenadines	55,341	(12,027)	176,224	12
<b>Receivable</b>				
COLS – Government of St. Vincent and the Grenadines	(4,198,873)	167,740	39,705	4,23
TUB – Government of St. Vincent and the Grenadines	(1,371,390)	(8,005,410)	-	1,37
NPL Loan Resolution due from Government of St. Vincent and the Grenadines	(2,005,455)	(7,146,476)	-	2,00
<b>Contribution Income</b>				
Government of St. Vincent and the Grenadines	2,255,555	(3,363,891)	28,239,184	25,98
<b>Interest Receivable</b>				
National Lotteries Authority	(2,169)	(2,033)	5,573	
Bank of St. Vincent and the Grenadines	-	(8,644)	-	
Government of St. Vincent and the Grenadines-Bonds	183,543	(186,678)	690,660	54
Government of St. Vincent and the Grenadines –Loans	(79,450)	(19,875)	69,153	14
National Student Loan Company	416,879	991,540	6,697,618	6,28
Staff	(287)	(134)	3	
<b>Investment in Associate</b>				
Bank of St. Vincent and the Grenadines	5,106,943	1,278,561	33,322,139	28,21



# National Insurance Services

Notes to the Financial Statement

**For the Year Ended December 31, 2023**

(in Eastern Caribbean dollars)

## 31. Related Parties .....Cont'd

### Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2023	2022
	\$	\$
Short-term employee benefits	516,868	366,057
Post-employment benefits	26,733	22,722
Directors	118,091	135,359
	<b>661,692</b>	<b>524,138</b>

## 32. Commitments

As of the reporting date, the Board of Directors approved capital expenditure amounting to:

	2023	2022
	\$	\$
Capital expenditure	-	3,182,806

In the normal course of business, various credit commitments are outstanding which are not reflected in the statement of financial position.

These financial instruments are subject to normal credit standards, financial controls and monitoring procedures.

	2023	2022
	\$	\$
Total off balance sheet credit commitments	<b>4,500,000</b>	<b>256,251</b>

## 33. Comparative figures

Certain comparative figures were reclassified in accordance with the current year's presentation.

**NATIONAL INSURANCE SERVICES**

**ADDITIONAL INFORMATION**

**TO THE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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<b>Page 2</b>	Schedule of Branch Operations





Additional Comments of Independent Auditor's

To the Honourable Minister of Finance  
Administrative Building  
Kingstown  
St. Vincent

The accompanying Schedule of Branch Operations is presented as supplementary information only. In this respect, it does not form part of the financial statements of the National Insurance Services for the year ended December 31, 2023, and hence is excluded from the opinion expressed in our report dated June 28, 2024, to the Honourable Minister of Finance on such financial statements.

A stylized, handwritten-style signature of "Grant Thornton" in a grey, cursive font.

June 30, 2024

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# National Insurance Services

## Schedule of Branch Operations For the Year Ended December 31, 2023

(in Eastern Caribbean dollars)

	Short-term Benefits		Long-term Benefits		Employment Injury Benefit		National Provident Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>										
Contributions	6,274,226	6,059,170	64,985,773	62,758,315	4,791,227	4,627,003	-	-	76,051,226	73,444,488
Net financing income	1,193,571	244,413	10,929,323	2,520,117	3,383,143	683,924	-	-	15,506,037	3,448,454
Interest on National Provident Fund	(8,392)	(10,634)	(76,841)	(109,640)	(23,786)	(29,755)	109,019	150,029	-	-
Other	561,538	115,714	5,816,170	1,198,515	428,811	88,363	-	-	6,806,519	1,402,592
<b>Total Income</b>	<b>8,020,943</b>	<b>6,408,663</b>	<b>81,654,425</b>	<b>66,367,307</b>	<b>8,579,395</b>	<b>5,369,535</b>	<b>109,019</b>	<b>150,029</b>	<b>98,363,782</b>	<b>78,295,534</b>
<b>Expenditure</b>										
Benefits	3,702,530	4,269,482	84,667,971	79,315,279	290,734	258,407	1,519,465	1,697,538	90,180,700	85,540,706
Bad debts expense	(171,536)	164,716	(1,776,695)	1,706,053	(130,991)	125,783	-	-	(2,079,222)	1,996,552
Administrative expenses	647,687	739,392	9,715,467	10,170,546	329,919	349,729	-	-	10,693,073	11,259,667
<b>Total Expenditure</b>	<b>4,178,681</b>	<b>5,173,590</b>	<b>92,606,743</b>	<b>91,191,878</b>	<b>489,662</b>	<b>733,919</b>	<b>1,519,465</b>	<b>1,697,538</b>	<b>98,794,551</b>	<b>98,796,925</b>
<b>Net Surplus for the Year</b>	<b>3,842,262</b>	<b>1,235,073</b>	<b>(10,952,318)</b>	<b>(24,824,571)</b>	<b>8,089,733</b>	<b>4,635,616</b>	<b>(1,410,446)</b>	<b>(1,547,509)</b>	<b>(430,769)</b>	<b>(20,501,391)</b>





National bird the St. Vincent Parrot  
(Amazona Guildingii).

# NIS Benefits

We are dedicated and committed to providing a wide range of benefits.

<b>Maternity Benefit</b>	<b>Sickness Benefit</b>	<b>Invalidity Benefit</b>
<b>Funeral Grant</b>	<b>Survivors’ Benefit</b>	<b>Age Benefit</b>
	<b>Employment Injury Benefit</b>	









## ANNUAL REPORT 2023

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