

NIB PRESS STATEMENT

A number of statements have, in recent times, been made by certain person or persons with respect to various aspects of the operations of the NIB which have hitherto gone unaddressed. In light of the growing concerns as expressed to various members of the Board by stakeholders as a result of such statements, the Board of Directors of the NIB have decided to take the unusual step of issuing the following release in responses to some of those statements and allay some of the concerns expressed by the certain stakeholders to members of the Board.

ON THE ISSUE OF TRANSPARENCY

As stakeholders are aware, the National Insurance Board is a creature of statute. Its operations and dealings with stakeholders and the public are therefore governed by and is subject to the provisions of the National Insurance Ordinance. Within that context, the Board is committed to ensuring that adequate information regarding its operations are at all times available to stakeholders and the public in general and the NIB has consistently endeavored to ensure that all relevant and pertinent information is made available through its annual report that is normally available on the NIB's website <http://www.tcinib.tc>, including the NIB's Mission Statement, Annual Audited Accounts, Tri-Annual Actuarial Reviews and information on benefits as well as information on the most recent Pension Adjustments, etc. The NIB's 2010/11 Audited Financial Statements have, as required by law, been sent to the Governor in his capacity as Minister of the NIB. Once the Governor has arranged for such audited accounts to be tabled before the Legislative Council, presumably now the Consultative Forum, as required under the relevant provisions of the National Insurance Ordinance, they will likewise be posted on the NIB's website. The NIB's 2010/11 Annual Report will likely be released in December, 2011 and will again likewise be posted on the NIB website. These documents give interested persons a broad range of information on the functioning of the organization and its operations.

INVESTMENTS

In response to independent professional advice and Consultation with the Governor's Office the NIB has adopted a new Investment Policy Statement to govern its investment activities. The Investment Policy Statement was approved earlier this year by the Governor in his capacity as Minister, a copy of which is likewise available on the NIB website. As a result of the new Investment Policy Statement, the Board is, in consultation with its Investment Committee, in the process of rebalancing its investment portfolio, including its investment of funds held at domestic banking institutions. At this point, it should be noted that the National Insurance Board does not currently have any investments, or deposits with British Caribbean Bank, formerly Belize Bank, or in any of its other related firms. Moreover, the NIB has never held deposits with that bank totaling \$30 and \$60 million as alleged. The NIB does have funds at risk at the TCI Bank, but we are endeavoring to recover as much of that debt as possible. The NIB is confident it will recover its \$5.5 million debenture and a portion of the monies originally provided as fixed deposits. Of course, the NIB's \$2 million in equity investments in the TCI Bank has been permanently lost, along with the equity provided by hundreds of other TC Islanders to the Bank.

NHIP FUNDING CLAIMS

Under the National Insurance Ordinance, the National Insurance Board is obligated to provide employment injury benefits to eligible recipients and it has done this for almost 20 years. In addition the NIB is obliged to reimburse the TCI Government for “actual medical expenses incurred for eligible costs to qualified recipients.” The onus is and has always been on the TCI Government to submit to the NIB, claims and receipts that substantiated the medical care expenditures arising out of employment injuries. Between 1992 and 2009 the NIB consistently made a \$50,000/annum within its annual budget for this purpose, but no claims were ever received from Government.

In 2009, the Government submitted claims totaling \$837,000 and discussions were undertaken between the NIB and the Ministry of Finance regarding these claims. In the end, the parties agreed that the NIB would transfer \$836,734 to the Government in exchange for all parties confirming that this was the full and final amount owed to the Government for the period 1992-2009.

In 2009/10, the National Health Insurance Ordinance modified Section 49 of the National Insurance Ordinance, mandating that actuarially assessed compensatory transfers be made to the NHIB for medical services to employment injury beneficiaries. In February, 2011 the NIB paid the NHIB \$612,000, being the amount assessed by the Actuary for that year, to cover the eligible injury claims for fiscal year 2010/2011. Currently the Board is awaiting the latest actuarial analysis to agree with the NHIB on the funds to be transferred to the health care system in 2011/12.

The NIB strongly disagree with the NHIB’s Actuary’s position that funds placed into the Employment Injury Fund in excess of the actual injury claims must be transferred to the NHIP. The National Insurance Fund is a single fund into which the monies are deposited into four categories to ensure that persons will receive the benefits to which the ordinance entitles them to receive. Today there is more money in all four categories than is immediately required, but as the fund matures over the years, these monies will be needed to ensure we provide the full range of benefits to all the eligible beneficiaries. The four categories in the National Insurance Fund are there to show that we are treating each area with high priority and were never designed as discrete funds whose monies cannot be shifted between uses. The National Insurance Board is determined to protect the National Insurance Fund from unwarranted efforts to transfer funds to the health care system.

In one of the statements made by persons unknown concern was expressed over the statement contained in the Actuary’s report that the NIB has the potential for a \$119 million shortfall in the fund by 2030 if it does not undertake a program to raise contributions, increase our investment return and reduce our operating costs. If no action is taken, such a situation could occur, but the NIB is in the process of addressing all three of these factors to ensure the fund is secure far into the future. Any effort by third parties to compromise those goals will obviously make it more difficult to meet that target and provide benefits to the people of TCI.

The potential losses from the TCI Bank is a big challenge and the current demands for NIB to reduce the Fund by a further \$22 million to pay for matters unconnected with the core functions of the NIB will be detrimental to our beneficiaries. In 30 years these withdrawals would translate into a \$40 million

shortfall in our investment income or about 1/3 of the Actuary's potential shortfall. The NIB Board and Management believes that the Government should solve its debt and health care issues through a different approach than simply taking the people's pension funds and using them as a stop gap measure to fund the financial crisis.

By order of the Board of Directors

TURKS AND CAICOS NATIONAL INSURANCE BOARD