



Turks & Caicos Islands National Insurance Board Public Notice

Amnesty Announced Along with Reduction in Surcharge Rates

His Excellency Ric Todd, in his capacity as Minister of the Turks and Caicos Islands National Insurance Board (NIB), has announced today, December 22, 2012 that there will be a two month amnesty period on NIB surcharges, commencing January 2, 2012 and ending February 29, 2012.

During this amnesty period persons can bring their National Insurance contributions up to date without incurring any surcharges. The NIB will waive a person's liability to pay any additional charges due in respect of late payment of contributions if:-

- (a) the person provides satisfactory evidence to the NIB that all outstanding contributions payable under the National Insurance Ordinance (NIO) have been paid as at the date of commencement of this Ordinance; or
- (b) the person pays all outstanding contributions payable under the National Insurance Ordinance prior to the end of the amnesty period on February 29, 2012.

For the purpose of this exercise, a "person" means contributors to the NIB; including employers and self-employed persons.

Additional charges payable as a consequence of a court order shall not be waived.

Governor Todd noted that the amnesty will benefit both Government and Business and provide much needed financial relief to many struggling institutions. Once the amnesty period is concluded, the penalties will be reintroduced for late payment.

"The National Insurance Board is pleased to offer this relief to TCI businesses in this time of economic challenge, both here at home and abroad. We encourage all of our contributors in arrears to make use of this one and only opportunity to bring their accounts current without financial penalty," said Colin Heartwell, CEO of the NIB.

In addition to the announcement of the Amnesty on Surcharges, legislative amendments have been passed to reduce the surcharge rate on contribution arrears. Contribution arrears

will accrue at an initial 10% of contributions for the first month, and will subsequently incur a 3% penalty for each month or part thereof of delay. The 3% rate is a 7% reduction in the rate of 10% charged since 1993 and is in line with actuarial advice. “High penalty rates were severely impacting on businesses, noted Mr. Heartwell and these reduced penalty rates will maintain an incentive for persons to keep accounts current without driving firms into bankruptcy.”

The amnesty period stands to benefit many parties.

It is expected to increase the NIB’s contribution income in 2011/2012, while significantly reducing the level of delinquency. An improved compliance level also stands to reduce the benefit processing time; with more insured persons’ contributions being updated.

The surcharges currently contribute only about 3% of the total NIB annual revenues in 2011/2012 so the immediate financial impact in the NIF will not be significant. The NIB will be foregoing \$11.8 million in potential revenue from Government and possibly up to \$4 million in potential revenue from the private sector.

This amnesty will benefit TCIG as it reduces the country’s deficit by a third and it helps business as it removes the immediate financial burden of surcharges.

The surcharges are intended to encourage firms to make their contributions on time rather than help drive them into bankruptcy. In this current poor economic climate, many of the public and private contributors with outstanding surcharges are in severe financial difficulty. This initiative will assist them in their economic recovery and bring new additional contribution revenues in the future.

The surcharge level of 10% was deemed to be too high for some time and this move will reduce the burden to employers while still encouraging NIB payments.

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