

**Statement by the Honourable Minister of Finance on the Annual Report of  
the National Insurance Board of Trinidad and Tobago for the year ended  
June 30, 2020**

Madam Speaker, I would like to thank you for the opportunity to deliver this Statement on the Report on the Operations of the National Insurance Board of Trinidad and Tobago (NIBTT) and the Audited Financial Statements for the Financial Year ended June 30, 2020.

In accordance with Section 13(2) of the National Insurance Act, Chap. 32:01 (“the Act”), and subject to subsection (3), the Board shall within three months of the end of each financial year make a report of its proceedings and of the operation of this Act in respect of that financial year to the Minister who shall, within two months of the receipt of such report, lay it before Parliament. Today, I would like to outline to this Honourable House some of the main highlights of this Report.

In the area of key operational statistics, Madam Speaker, the following was provided by the Report:

- (a) the number of contributors in the National Insurance System (NIS) during 2020 was recorded at 404,197, declining by 4.0 percent from 420,638 in 2019, while the number of beneficiaries increased by 0.9 percent to 204,613 from 202,800 last year;
- (b) contribution income collected for the 2020 financial year amounted to approximately \$4.69 billion, decreasing by 0.44 percent from the \$4.71 billion earned in 2019;
- (c) administrative cost for the 2020 period was recorded at \$251.2 million, increasing by 14.3 percent from \$219.7 million in 2019; and also

increased as a percentage of contribution income, from 4.7 percent in 2019 to 5.4 percent in 2020; and

- (d) the net yield of the investment portfolio for the 2020 period was 4.4 percent, compared to 8.1 percent in 2019.

Madam Speaker, the Report highlighted economic challenges which have persisted over the last two quarters of the financial year, as the energy sector continued to suffer from depressed output on account of low prices internationally. This situation was exacerbated by the COVID-19 pandemic, which caused demand from major consumers to plummet and a further depression in prices internationally. Locally, this impacted firms within the Point Lisas Estate who have either powered down, closed temporarily or chose to cease operations altogether. Firms such as Yara, Titan, Nutrien and MTHL M3 plants have all experienced difficulty within the year. Notwithstanding the challenges, the NIBTT has been able to meet its overall Contribution Income target for fiscal year 2020 on the strength of arrears collected, while it observed a decline on the level of regular Contribution Income as a result of the closure of some businesses within the last quarter of the financial year.

Madam Speaker, the ageing population continues to be a concern of the NIBTT. This dynamic is represented by a decrease in the number of births resulting in a decline in the working population and a sharp increase in pensioners. This trend, based on NIS data as well as data from the Central Statistical Office (CSO) has classified the Trinidad and Tobago population as an ageing society, with 13.4 percent of the population aged 60 and over. Furthermore, since 2010, the number of pensioners has increased by over 50 percent, with the number of pensioners projected to increase again by more than 40 percent in the next 10 years. This drastic increase will put a strain on the

system, as a shrinking contributory base supports a growing number of beneficiaries.

Madam Speaker, in the area of payments, beneficiaries received a total of approximately \$5.4 billion, which represented an increase in expenditure of 4.1 percent over the \$5.1 billion recorded in the previous period. Also, the number of long-term beneficiaries increased by 2.7 percent to 177,410 persons in 2020, from 172,703 persons in financial year 2019. Payments to this group totalled roughly \$5.1 billion and accounted for 94.7 percent of total benefit expenditure, an increase from the 94.0 percent relative share in total benefit expenditure in fiscal year 2019. The payments to short-term beneficiaries totalled \$204 million or 4 percent of total expenditure. This represents a decrease of about 11 percent from around \$230 million in fiscal year 2019.

In the area of employment injury, the number of beneficiaries decreased by 5 percent to 4,759 persons in 2020, from 4,985 persons in 2019. Payments to this group totalled \$79.7 million and accounted for 1.5 percent of total benefit expenditure.

Madam Speaker, during the 2020 financial year, 154 appeal notices were received by the Appeals Tribunal, of which 171 were issued responses by the NIBTT. This figure includes some appeal matters from the last financial year.

In the area of reciprocal agreements, Madam Speaker, during the financial year 2020, 225 of 534 backlog applications made by persons in Canada/CARICOM accessing Trinidad and Tobago benefits through their relevant Social Insurance Partners were authorized and payments finalized. As at June 30, 2020, 211 applications were awaiting responses from CARICOM and Canada which have not been reactivated, 74 responses were received and are to

be reprocessed upon submission of life certificates. Additionally, 24 reciprocal claims are pending for various reasons such as compliance investigations to be conducted before outstanding claims could be processed. At the end of the reporting period, 309 applications from previous financial years remained pending.

Madam Speaker, in the area of revenue, during the 2020 financial year, Contribution Income of the NIS was recorded at approximately \$4,686 million, a total of \$68 million above the budgeted estimate of \$4,618 million. Income from penalties and interest for the review period amounted to close to \$34.6 million, more than double the \$15.3 million collected in the previous year.

In the area of investment, Madam Speaker, as at June 30, 2020, the market value of the investment portfolio of the NIBTT worsened by 0.44 percent to around \$27.7 billion, from \$27.9 billion in 2019. This decrease was mainly attributable to approximately \$120 million in unrealised losses; with equity and fixed income portfolios accounting for \$10 million and \$87 million respectively of these unrealised losses. The worldwide pandemic has significantly affected global markets, as equities in particular have experienced the steepest declines since the global financial crisis. As such, the NIBTT's net investment yield experienced a decline from 8.1 percent in fiscal year 2019 to 4.4 percent in fiscal year 2020. The decrease in the NIBTT's portfolio was further impacted by withdrawals of \$950 million from the Investments Cash Account to support the shortfall between expenditure and Contribution Income.

Madam Speaker, the Equity Portfolio, which accounts for the largest asset class of the total fund, currently stands at \$14.6 billion, reflecting an increase of approximately 0.8 percent or \$120 million, while the Fixed Income portfolio

decreased by 6.1 percent or \$605.7 million to approximately \$9.4 billion and had a purchased yield to maturity of 5.2 percent.

In the area of technology, Madam Speaker, the NIBTT continued to expand its plans for the development of IT infrastructure, while preserving appropriate standards of performance. Continuing its efforts to develop an End-to-End solution, the NIBTT rebranded this initiative with the new name “Empower” in fiscal year 2020, with the key activities within the year focusing on the development issues and evaluation of a Request-for-Proposal (RFP) for this IT solution.

As part of its continuing efforts to safeguard its assets, the NIBTT continued to utilise all legal measures to ensure the recovery of monies owed. Through court agreements, promissory notes as well as litigation actions, the NIBTT recovered a total of \$128.6 million in contribution arrears, penalties and interest from 22 non-compliant employers. In addition, two (2) judgements were obtained against employers and/or directors for arrears of contribution, penalties and interest payments in the amount of \$1.9 million.

In the area of compliance, Madam Speaker, a media campaign which began in financial year 2019, was continued in 2020. This campaign has been featured in print, radio, social and digital media, targeting employers and employees and providing critical information to both segments. The main objective of this campaign is to better educate the public about their obligations to the NIBTT, as well as to provide information about the NIBTT’s benefits and services.

Madam Speaker, in the area of mortality, after the signing of a Memorandum of Understanding in the (MOU) in the previous financial year between the University of the West Indies (UWI), St. Augustine and the NIBTT, work commenced in fiscal year 2020 on a joint mortality study for salaried workers in Trinidad and Tobago. The aim of this collaboration was the development of a new mortality table and is expected to assist with the improvement of the accuracy of insurance pricing models used in the local insurance industry. It is also designed to assist the NIBTT in its own understanding of pensioner mortality. This exercise was completed, and the results were jointly presented by both the UWI and the NIBTT at the annual conference of the Caribbean Actuarial Association (CAA) in Curaçao in December 2019.

Madam Speaker, the financial year 2020 saw the implementation of the NIBTT's Strategic Plan Vision 2020-2024 and the commencement of the planning activities for the period. The new Strategic Plan covers a 5-year period and functions as a roadmap from which the organisation will develop operational plans for its constituent Business Units and Departments moving forward. As the year progressed, a comprehensive review of corporate strategic targets for fiscal year 2020 and an analysis of the possible impact of the pandemic on the achievement of these targets were prepared and submitted to the Board of Directors for consideration.

In conclusion, Madam Speaker, Ernst & Young, the independent auditor of the NIBTT's financial statements for the financial year ended June 30, 2020 – states that “the accompanying special purpose financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of The National Insurance Act.”

Madam Speaker, I thank you.