



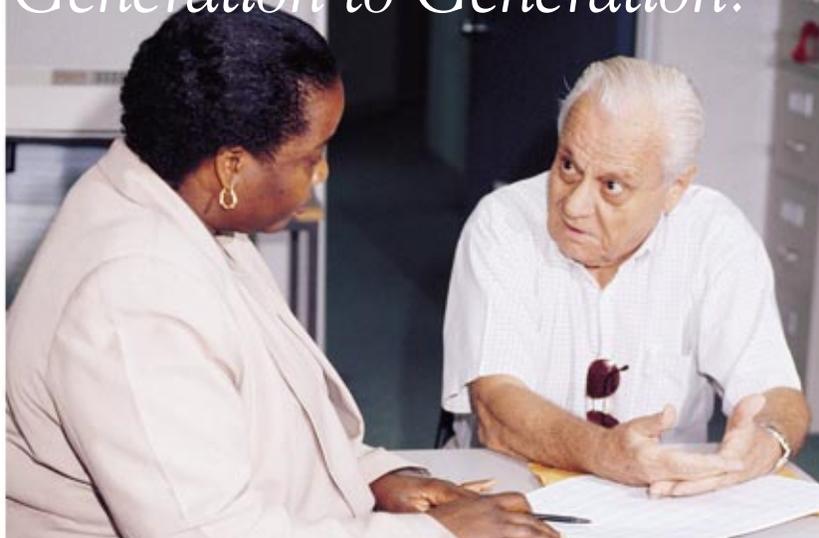
**NATIONAL
INSURANCE
SCHEME**

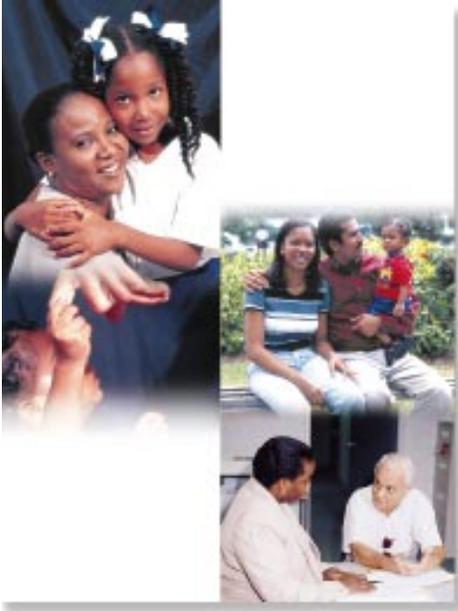
For the benefit of us all!

Annual Report 2000



We Take Care of You... Generation to Generation!





Many a time, there's more to a situation, individual, or organisation than may be perceived from a cursory glance. More often than not, there are several aspects or dimensions to the subject matter.

We Take Care of You... Generation to Generation!

To a vast majority of our citizens, the NIS is just an organisation to which they make monthly contributions. But, to thousands of beneficiaries, dependents and families, NIS is a lifeline – the only source of sustenance in a world of harsh reality.

To some people, the workplace is just a location in which to function until payday. But to us at the NIS, it's more than that. It's a place in which to partner with like-minded, dedicated individuals who share compassion for their fellow citizens, founded on the belief that we are all our brothers' keepers.

In many organisations, profit, expansion, market leadership and share value are key reasons for existence. At the NIS, there's only one – to ensure that every member of our society is afforded the relief and opportunity to maintain a decent quality of life in the face of adversity – *from generation to generation!*



Our Vision

An effective, transparent and financially sound Institution, which is customer focused, provides social protection to the St Lucian population, and plays a leading role in national development.

Our Mission

To ensure that every St Lucian enjoys social and financial protection and to assist in the development of our nation, through the efficient collection of contributions, payment of relevant benefits, prudent management of assets, use of cutting edge technology, and a cadre of skilled staff.

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**NATIONAL
INSURANCE
SCHEME**

Corporate Data

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I N V E S T M E N T C O M M I T T E E

(Standing) Costello Michel; Ingrid Skeritt; Emma Hippolyte, Director;
(Sitting) John Louis; Zenith James, Chairperson



P R I N C I P A L O F F I C E R S

(Front row)

Emma Hippolyte, Director; Matthew Lincoln Mathurin, Deputy Director/Financial Controller; Cadie St. Rose-Bruney, Legal Counsel.

(Centre row)

Desmond Dujon-Henry, Systems/Public Relations Manager; Albert Cenac, Statistics/Training Manager; Yolande Trim, Admin. Assistant/Board Secretary.

(Top row)

Callixta John, Internal Auditor; Augustine Louis, Human Resource/Operations Manager; Paula Bleasdille, Accountant.



John C. Joseph, Chairman



Chairman's Statement

This Report covers the period 1st July 1999 to 30th June 2000 and may be marked as a very active period in the life of the National Insurance as it continues to fulfil its primary mandate of ensuring the future benefits of contributors and the secondary responsibility of Public Sector investment.

The Board expired at the commencement of the review period on 3rd July 1999 and Cabinet agreed to extend their tenure to 3rd September 1999 to synchronize with the expiry of the Investment Committee.

A new Board and Investment Committee took office with effect from 8th October 1999, and the membership was changed by the inclusion of Mr Malcolm Charles who replaced Mr Thomas Roserie and Mr Lawrence Poyotte who replaced Mr James Perineau.

During the period under review there were eleven Board Meetings, two of which were in joint session with the Investment Committee. The Investment Committee held three meetings.

Administration

This is the second Year of the 3-Year Action Plan, which came out of our continuing change process.

The year was spent implementing the decisions relating to the review and reorganisation of the Administration. Also, given the pronouncements of our last Actuarial Review and the challenges that were expected, the Plan is designed to transform the operations, which was a prerequisite to the improvement of efficiency levels and to the provision of the enabling environment for dealing with the challenges that lay ahead.

Contributions in Arrears

Considerable energy and time was taken up with dealing with the vexing and very important issue of Arrears, which when considered must also take into account loss of earnings resulting from uncollected amounts.

No effort was spared and even at this time of reporting activities are still underway to reduce the amounts which arose out of the failure to reconcile Employers' accounts, the insufficiency of contact with employers and the omission of ensuring that employers and employees understood

their responsibilities under the Act, and indeed the repercussions that could redound from their failure to comply.

Indeed, our public profile has had to be considerably improved.

I hasten to say that the Board's concerted efforts and attention to these details are now reaping the rewards. We are pleased to report that there is increasing understanding and acceptance of the Institution.

National Insurance Legislation

The Board recognised the need to update the legislation to take care of recommendations of Actuarial reviews and to maintain socio-economic relevance.

Public consultation was held with all stakeholders to ensure the widest possible participation in any proposed changes.

The draft National Insurance Act and Regulations were amended to take into account the issues raised during the consultation and following reviews by stakeholders and by the Attorney General. The revised legislation was forwarded to the Minister responsible for National Insurance, the Prime Minister, for tabling in the House of Assembly and for the passage through the various stages to become Law.

At the time of writing the new National Insurance Corporation Act No 18 of 2000 has been passed into Law. The Regulations are currently being refined and will also be put through the necessary stages.



Structural Reorganisation

Mr Victor Poyotte, Human Resource Consultant, was appointed to conduct an audit of the Human resource of the Organisation and to provide a master plan for the proper management thereof.

A new structure evolved, which would now improve on the previous vertical nature that existed and consequently provide an environment for improved communication lines and greater effectiveness in the operations.

The new structure would also provide more clearly defined roles and functions, remove ambiguities and uncertainties, engender empowerment, and generally foster higher levels of productivity.

Staffing

There has not been much opportunity for upward mobility. Nevertheless, during the period of the review the Deputy Director Mr Mc Griffin Theodore proceeded on retirement with effect from April 2000. This vacancy was dealt with by combining the responsibilities of the post with that of the Financial Controller. Mr. Matthew L. Mathurin, our incumbent Financial Controller has accepted this challenge.

Mc Griffin Theodore

Matthew L. Mathurin

The new structure also necessitated the inclusion of an Accountant. The position was filled by the appointment of Mrs Paula Bleasdille, a qualified Accountant. Mrs Bleasdille received her Qualification as a Chartered Certified Accountant (ACCA) in June 1993. She also holds a BSc In Management Studies from UWI in June 1989. Her accounting experience was received both in St Lucia and overseas.

Paula Bleasdille

One Inspector resigned, as did the NIB's Systems Analyst/Programmer. One person was employed to replace the Systems Analyst/Programmer. There were no additions to the staff complement, the other positions arising from the new structure and from the few resignations having been dealt with by way of reassignment of personnel from within.

Investments:

Of the Investments that were made during the review period, some were in direct response to requests, but there were attempts to be more proactive in undertaking Investment decisions.



The NIB's new wholly owned subsidiary-National Insurance Property Development and Management Company (NIPRO) began operations in a small way in March 2000, and has taken up accommodation on the 5th Floor of the Francis Compton building.

As its name suggests, NIPRO will manage all properties owned by the National Insurance, will undertake the development programmes for real estate owned by the Corporation and also examine possibilities for acquisition and development of properties.

NIPRO's first major engagement was concerned with Build-Own-Lease-Transfer (BOLT) projects on behalf of Government. These Projects comprise four new fire stations, six new police stations, and the refurbishment of four police stations. The projects will be financed and managed by the Board and leased to Government and in the final analysis transferred to Government at a nominal rate after the costs have been fully paid up from rental proceeds.

All BOLT projects and refurbishment have now become the responsibility of NIPRO.

Investment in the new NIPRO Company was the Corporation's most substantial investment during the period under review.

The Board was also required to deal with the challenge of identifying suitable St Lucian nationals with the requisite skills to shoulder the responsibility of managing the new development company.





Castries Carpark Facility



Castries Carpark Facility Ltd.

Castries Carpark Facility

The construction of the Carpark Facility continued during the entire period under review and beyond the period originally envisaged, much to the chagrin of the Board.

The Board took matters in its stride and instituted a micro-management programme to ensure that the

Project progressed at a more acceptable pace. The Board's management skills continued to be seriously challenged, but ultimately won through.

This 23.8 Million dollar investment provided employment for many St. Lucians and the multiplier theory would suggest that the total benefit to the economy would be a lot more than the initial investment. We anticipate that when it becomes fully operational, the Car Park facility will provide additional business opportunities and so assist in stimulating the economy yet further.

The day-to-day management of the Car Park Facility will be the responsibility of NIPRO.

Cul-de-Sac Industrial Zone Ltd

\$880,000 was invested in Cul-de-Sac Industrial Zone Ltd, constituting a direct buy out of the Geest shareholding. As a consequence the National Insurance now owns 40% of the Company, with Government being the major partner with 60% shareholding.

A new Board of Directors has been appointed to the Cul-de-Sac Industrial Zone Ltd. The National Insurance Board is therefore involved in conducting various investigations to enable it to strategise for the development of the Cul-de-Sac lands in a manner that will maximise the benefits to the economy and the environment, and indeed derive the best returns on its investment. It is also instructive to note that the company is the beneficiary of a National Insurance loan of \$10m, which is currently non-productive.

St Lucia Mortgage Finance Company Ltd

The National Insurance owns 75% of the St Lucia Mortgage Finance Company Ltd (SMFC). Serious attention was given to that Institution with the intention to market its services more effectively and indeed to enlarge upon those services that are already being offered.



The last financial year saw the liberalisation of the Operation Agreement to allow SMFC to refinance existing mortgages in order to retain good clients who might wish to enter into refinancing arrangements.

At this time we anticipate definite possibilities for collaboration between our Development Company (NIPRO) and our Mortgage Company (SMFC) and already strategies are being considered for a mutually beneficial relationship.

Foreign Investments

For the very first time in its history, the National Insurance Board decided to invest some of its reserves in foreign instruments. The total amount to be invested is US\$10 Million, but disbursement spanned the preceding as well as the period under review, as the Board was careful to factor into the investment measures to ensure no negative effect on the monetary balance of the Commercial Banks and by extension the economy. Salomon Smith Barney is managing the funds.

The investment is expected to be a long-term one but already the Board is satisfied that the decision was a good one.

Investment Seminar

The Board, Investment Committee and Senior Managers attended a seminar conducted by NIB's Overseas Investment Fund Manager, which was interesting and insightful.

Loans

I am pleased to report that all but two of the Loans granted are being serviced satisfactorily.

During the period there were protracted negotiations between the NIB and National Development Corporation with respect to a Land for Debt exchange. Discussions are still in process, but we are hopeful that agreement can be reached in the near future.

During this period the following loans were granted: -

- (i) \$2.6 Million to St Lucia National Trust to purchase property in Castries.
- (ii) \$5 Million to the St Lucia Civil Service Cooperative Credit Union to purchase the BARFINCOR building.

Budget for Ensuing Period Ending 30th June 2001

The Board approved of amounts budgeted for the ensuing year of Anticipated Total revenue of \$90.1 Million and Anticipated Total expenditure of 37.7 Million leaving Total Anticipated Reserves of \$52.4 Million.

Conclusion

The ensuing Report of the Director confirms that the Year was a successful one. Contribution levels were maintained and our concerted focus on arrears of contribution is beginning to show results.

An improved organisation structure is also facilitating the decision-making environment as well as the routine day-to-day office administration.

While we feel reasonably satisfied with the year's progress, we recognise that there is still much to be done and that we need the cumulative resources of all to attain our objectives in the longer term.

This Report provides another opportunity to thank the members of the Board and the Investment Committee for their cooperation and efforts in carrying out their mandate.

I note here also the spirit that obtains and the unison of mind and purpose that continues to exist, providing an enabling environment for dealing effectively with issues for





the mutual best interests of our staff, our organisation and our country that we have pledged to serve.

I record my appreciation to the Management and Staff for their contribution and for their endeavours in the day-to-day activities so necessary to ensure that the Organisation achieves its goals.

We are grateful also to the Minister responsible for National Insurance, the Prime Minister for rising to the occasion whenever the need arose. We appreciate the part played in ensuring the passage of the National Insurance legislation.

We pledge to continue to serve the Institution and therefore our Country as best we can, but I wish to reiterate that our successes can only be achieved by the cumulative and coordinated actions of all.

A handwritten signature in black ink, which appears to be "John C Joseph".

John C Joseph
Chairman



Emma Hippolyte, Director



Director's Report

I am happy to report that the positive results achieved last year were repeated this year.

This year's success can be attributed to a combination of factors implemented simultaneously.

- Timely monitoring of employers
- Sustained advertising campaign
- Strong collection measures
- Greater dialogue with employers.

The summary that follows together with the information contained in other parts of this Report underscore the progress made thus far.

A Summary of Financial and Statistical Highlights

Reserves:

The reserves of the National Insurance increased by \$53.5 Million during the year to \$535 Million, an increase of 10% over the previous year.

Employers:

432 new employers were registered during the year taking the total number of employers registered as at 30th June 2000 to 6150.

The number of active employers increased by 20% to 2978.

The number of contributing employers rose by 13.38% to 2458 compared with 2168 in 1999, the highest performance in the last seven years.

Contributions

Contribution income increased by \$3 Million or 6.76% to \$48.1 Million in 2000 compared with \$45 Million in 1999.

Current contributions, that is, contribution paid before or on the 7th of the following month increased to \$20.72 Million in 2000 from \$13.41 Million in 1999, an increase of \$7.31 Million or 54.51%.

Past due contribution, that is, contribution paid after the 7th of the month following the month to which the contribution relates, was \$27.47 Million compared with \$31.77 Million in 1999.

Benefits

During the year, the National Insurance paid \$19.7 Million in benefits to 10,435 claimants, representing both claims continuing from the preceding period and new claims made during the period under review. These amounts denote an increase of 19% over June 1999.

To amplify further, 7,257 claimants received short-term benefits (maternity, sickness, funeral, employment injury and medical) totaling \$4.1 Million, while 3178 claimants received \$15.6 Million in long term benefits (retirement, survivors, invalidity and grants).

New Claims settled for the year however, totaled 7832, of which 675 were long term and 7157 were short-term.

Investments

Investment Income (net of expenses) increased by 15.7% over the previous year's to \$32.4 Million. This has influenced upwards the average return on investments in 2000 to 7.5% from 6.9% in 1999. The Investment Portfolio grew in value from \$457.4 Million in 1999 to \$507.4 Million in 2000, an increase of 10.9%.

Foreign Investments

In September 1999 the National Insurance Board placed US\$7 Million on a Managed Accounts Programme managed by Salomon Smith Barney Inc. As at 30th June 2000, the portfolio stood at US\$7,642,856 a return for the nine months of 9.2% (12.2% annualized).

Efficiency

The Organisation continued its quest for improved efficiency that is reflected in the figures below.

Administrative expenses for the year to 30th June 2000 fell to \$6.1 Million from \$7 Million in 1999. This reflects a drop of 12% over 1999.

Administrative Cost as a percentage of Contribution decreased to 12.7% in 2000, compared with 15.5% in 1999. Administrative Cost as a percentage of Contribution and Surcharge declined to 12.3% in 2000, compared with 14.8% in 1999.



NIS Student Loan Facility

In 1997, the National Insurance Board approved \$10 Million Revolving Loan fund and in 1999, a further \$10 Million to finance loans to students pursuing studies in inter alia

- (i) Law (including Certificate in Legal Education)
- (ii) Sciences (including Medicine)
- (iii) Computer Science
- (iv) Social Studies
- (v) Engineering
- (vi) Agriculture
- (vii) Education (including Physical Education, Linguistics/Psychology)
- (viii) Culinary Arts
- (ix) Business Administration (including Human Resource Development, Management, Accounting/MIS)
- (x) Media and Performing Arts
- (xi) Business Finance/Business Information Systems
- (xii) Environmental Engineering/Science
- (xiii) Commerce

As at 30th June, Loans totaling \$19 Million had been approved for students pursuing studies in the above subject areas.



Operations

The Year under review was marked with an energized workforce trying to achieve major milestones in the three-year Action Plan.

The following activities which were already in progress received attention:

- (a) Public education on the contents of the draft National Insurance legislation
- (b) the formation of our Subsidiary Company, National Insurance Property Development and Management Company (NIPRO)

- (c) The construction of the Castries Car Park Facility
- (d) The restructuring of departments and the re-engineering of processes
- (e) Training of Staff members

The Amendments to the National Insurance Legislation

In keeping with its vision of a transparent institution, the Board spent considerable energy in ventilating the contents of the draft National Insurance Act with specific focus on the object of each amendment and the reason for the amendment.

Despite these efforts, the proposed implementation dates of 1st January 2000 and subsequently 1st July 2000 were not met.

The National Insurance Corporation Act was passed on 15th September 2000, with Section 58 (4) of the Act being amended to give the Minister for Social Security the authority to determine the effective date for the increase in Retirement age.

This amendment was made because the Minister was of the opinion that the Board should intensify its public education on the increase in Retirement age.

Training Programme

During the year, the Board continued its Training programme unabated, with training in-house, local and international for management and staff.

The areas covered included:

- (a) Stress Management
- (b) Information Technology
- (c) Leadership and Team Effectiveness
- (d) Customer Service
- (e) Social Security Systems and Operations
- (f) Investment Management
- (g) Financial Management

Staffing

The Board bade farewell to the Deputy Director Mc Griffin Theodore who proceeded on retirement in April 2000.

Mr Matthew Mathurin, Financial Controller was promoted to Deputy Director/Financial Controller.



Emma Hippolyte, NIS Director, making her presentation on NIS new legislation to Cable & Wireless staff

In its continued quest for improvement in efficiency the Board reassigned the job functions of the following Senior Officers and appointed a qualified Accountant, Mrs Paula Bleasdille as Accountant with overall responsibility for collections: -

	Previous	Current
Augustin Louis	Public Relations Officer	Human Resource/ Operations Manager
Desmond Dujon-Henry	Systems Manager	Systems/Public Relations Manager
Albert Cenac	Statistician	Statistics and Training Manager
Matthew L Mathurin	Financial Controller	Deputy Director/ Financial Controller

Acknowledgement

I wish to thank the various media houses for their support during the year. Their cooperation and enthusiasm truly assisted us in reaching contributors.

We appreciate also the efforts made by the St Lucia Chamber of Commerce and the St Lucia Employers' Federation in rallying their members to meet their commitment to the National Insurance Board. We thank them immensely for their support.

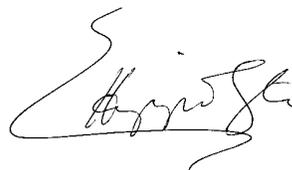
To the employers who have responded to our call and have taken steps to comply with the National Insurance Act and

Regulations, we thank you for your efforts and exhort you to continue in this vein.

I wish here to extend heartfelt appreciation to the Board, Investment Committee members and the Staff of the Organisation for their sterling efforts and commitment to the new vision of the Institution. We could not have achieved this much without you.

The support received through the sharing of experiences, knowledge and training from the CARICOM and International Social Security fraternity is acknowledged and applauded.

I look forward to the ensuing year with purposeful enthusiasm, keeping in mind our long-term objectives of providing quality service and payment of relevant benefits to all contributors.



Emma Hippolyte
Director



Statistical Review

EXPLANATORY NOTES AND SYMBOLS

Contribution:	Refers to the contribution of employers and employees.
Industrial Classification:	Refers to the international standard industrial classification of all economic activities.
Insured Persons:	Refers to all registered persons with at least one month's Contribution.
Active Insured:	Refers to all registered persons who have paid at least one month's contribution in the review period.
New Entrants:	Refers to a person who was first registered with the National Insurance in the review period.
Benefits:	Includes any benefit, grant, allowance or pension payable under the National Insurance Act.
C3 Form:	Refers to a contribution form that is sent to employers by the National Insurance on a monthly basis, requesting total employer's and employee's deductions per employee.
Pensions In-payment:	Refers to pensions in-force at the end of the period in review.
Active Employers:	Refers to employers registered with the National Insurance and in operation during the review period.
Closed Employers:	Refers to employers registered with the National Insurance and were not in operation at the end of the review Period.
Dormant Employers:	Refers to registered employers not in operation at the end of the review period but have indicated a date for reactivating of business.
Current Contributions: required	Refers to contributions collected for a given month within the time frame (before the 8th of the following month).
Past-Due Contributions:	Refers to contributions collected for a given month after the required time frame.
Contributing Employers:	Refers to employers who paid contributions to the National Insurance during the review period in question.



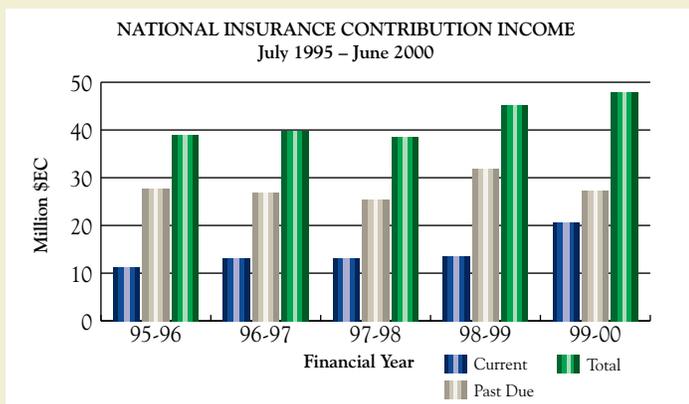
1. COLLECTION OF CONTRIBUTION

The financing of the National Insurance has always been based on a combined contribution rate of 10.0 percent (5.0 percent employee and 5.0 percent employer) of insurable earning. During the review period, there was no revision of the ceiling upon which contributions are made and this remained at \$3000.00 per month.

For the period under review, contribution income grew by 6.76% to \$48.19M; current contributions accounted for 43.0% or \$20.72M and past-due contribution income accounted for 57.0% or \$27.47M. The growth in contribution income was fundamentally the consequence of a very strong performance in average timeliness of contributions collected and, to a lesser extent, an increase in the active insured population by approximately 3.0%. When compared to the previous financial year, current contribution income rose by 54.51% from \$13.41M to an all time high of \$20.72M. The impact of such performance was an increase in the proportion of expected contributions collected from 29.95% to 44.65%; certainly, it was a remarkable accomplishment. Given the impact of the following factors, in the short to medium-term, improvement in current contribution income is projected to continue and to approach expected contributions in the long-term:

- Timely monitoring of employers;
- Reminder memo sent to employers;
- Advertisement campaign;
- Higher level of aggression by management to achieve improvement in the collection of arrears and current contributions;
- Issuing of statements to employers;
- Negotiation of payment agreements;
- Legal action.

Figure: 1



1.1 Economic Sector Analysis

Analysis of contributions Income on the basis of economic classification revealed continued growth in most sectors whilst declines were recorded in manufacturing - 4.81%, utility - 9.89% and Public Administration - 13.36%.

After a 14.21% drop in '98-'99, contribution income from the agriculture/hunting/fishing/forestry sector increased by approximately 18%. Further to the 56% rise in '98-'99, contributions received from the construction sector rose by 73.48% (\$1.60M) to \$3.65M. The strong performance of the sector was attributed mainly to the continuation in construction activity, both in the public and private sector.

The restaurant and hotel sector continued its increasing trend, entering its fourth consecutive year of expansion in the financial year ending June, 2000. Contribution income from this sector grew by 10.25% and accounted for 20% of total income.

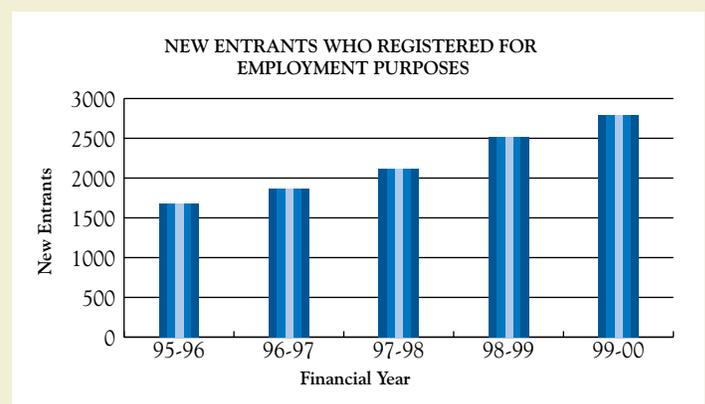
Given the significant performance of construction, mining and quarrying recorded a 5.32% growth. Furthermore, contribution income from wholesale and retail increased by 8.78%, transport/ storage/ communications- 8.0%, real-estate/business services-9.31% and social / personal services- 24.35%.

2. INSURED POPULATION

2.1 New Entrants

During the financial year in review, new entrants (newly registered persons) to the National Insurance increased by 5.36% to 4736. The gender distribution of new entrants remained relatively stable at 47.23% or 2237 females and 52.77% or 2499 males.

Figure: 2



Age distribution of newly registered persons continued its exponential pattern with approximately 82% of persons between the ages of 16 and 24 years inclusive. The distribution of the remaining 18% declined consistently as age increased. The result was, average age of new entrants recorded its fifth consecutive decline (from 22.31 years to 22.23 years).

Further examination of new entrants on the basis of purpose for registration indicated that the number registered for employment grew by 10.92% to 2784. Of these employed persons, approximately 69% were between the ages of 16 - 19 years and 90% were between 16 and 29 years.

2.2 Active Insured

In the review period, total persons with at least one month contribution (active insured) rose by 4.0% to 41004-20,458 were males and 20,546 were females. The rise in employment was approximately 6% below that of the previous financial year. During the past three years (July 1997 - June 2000), whilst the number of active contributors rose moderately, average density of contribution payment declined from 76.58% in '97 - '98 to 73.50% in '99 - '00. This implies that the number of monthly contributions paid on average by active contributors declined from 9.19 months to 8.82 months for the same period. Further analysis of average density of contribution payments on the basis of gender indicated a higher percentage for female (male - 71.92% and female - 75.28).

Analysis of active insured persons on the basis of industrial classification revealed moderate performances in most economic sectors while significant declines were recorded in the agricultural and public administration sectors.

Following a mild performance during the previous financial year, employment in the agriculture sector recorded a contraction of 27.56%; it was the worst performance since 1996. Employment in the public administration sector also contracted by 17.30%. This decline coincides with a return to normalcy given the impact of the S.T.E.P program in the previous year.

There were moderate growth of active contributors employed with the wholesale/retail sector- 9.06%, construction - 7.20% and utility - 6.47%.

The restaurant and hotel sector achieved its highest growth in employment of 13.55% in the last seven years and accounted for 17.33% or 7104 of total active contributors. Other sectors that recorded significant growth were: transport/storage/communications- 16.38%, business services - 20.63 and social and personal services - 17.66%.

3. EMPLOYERS' ACTIVITY

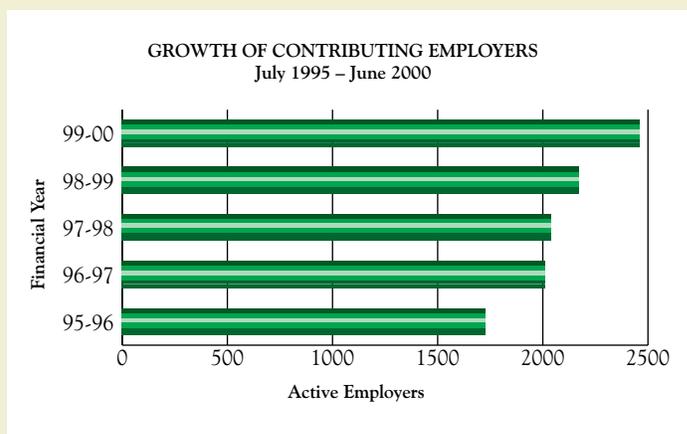
As at 30th June 2000, a total of 6150 employers were registered with the National Insurance Scheme - 2814 were active, 2978- closed, 373 - dormant and 70 were closed temporarily. During the financial year in review, the number of active employers increased by approximately 20%. This increase was partly due to new employers and verification of employers' status by the compliance department.

As at 30th June 2000, 53 active employers had arrears balances of over \$100,000.00. Of this number, 16 were referred for prosecution, 12 had payment agreements, 6 were under investigation, 1 was referred to government for intervention and 18 were government ministries. Collectively, at the end of June 2000, 1365 active employers had arrears balances of which 114 payment agreements totaling \$6.36M were effected. Furthermore, in the review period, 22 employers were prosecuted.

Comparatively, as at 30th June 2000, 19 closed employers had arrears balances of over \$100,000.00 totaling approximately \$8.06M; 5 were prosecuted, 7 are under investigation and 7 were government related.

After increasing by 6.33% in '98-'99, employers who paid contributions to the National Insurance Scheme rose by a further 13.38% to 2458- the best performance in the last eight years. An examination of contributing employers on the basis of industrial classification revealed growth in all sectors.

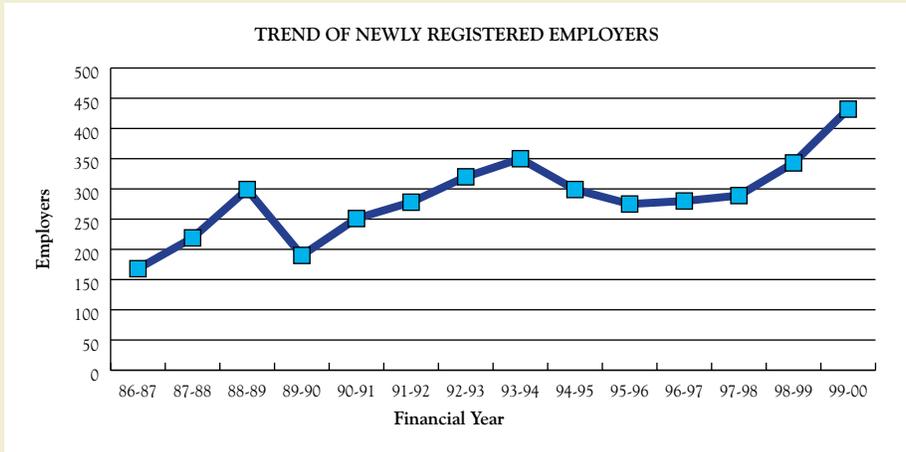
Figure: 3



Following an 18.69% increase in the previous financial year, newly registered employers recorded the largest increase since 1990 with a growth rate of 26%. Analysis of newly registered employers on the basis of economic activity revealed significant growth in most sectors including manufacturing and agriculture.



Figure: 4



2. Analysis of claims paid on the basis of economic activity and gender revealed that approximately 70% of the growth in male employment injury cases were from the construction, restaurant/hotel and transport /storage/communication sector.

3. Average duration of claims paid rose by 35.29% to approximately 22 days.

4. BENEFITS EXPENDITURE

In the review period, total benefit claims paid increased by a further 10% to 10498. The above performance was partly due to a 15% growth in short-term claims (mainly sickness and maternity allowances) and approximately 3% growth in long-term benefit claims. Total benefits expenditure continued its rapid increasing trend and when compared to the previous financial year, recorded a 20% growth from \$16.53M to \$19.87M.

4.1 Short-term Benefit Branch

This branch of benefits includes sickness allowance, employment injury, maternity allowance, maternity grant, funeral grant and medical expenses.

During the financial year in review, short-term benefit claims increased by 14.86% to 7257 whilst, the respective cost rose by approximately 30% to an all time high of \$4.12M. Except for employment injury that grew by 90%, the cost of all short-term benefits increased on average by 30%. The growth in short-term benefits expenditure was predominantly the impact of significant increase in the number of sickness allowances, maternity allowances and maternity grants. Collectively, the above benefits accounted for 88.24% of total growth in short-term expenditure.

4.1.1 Employment Injury

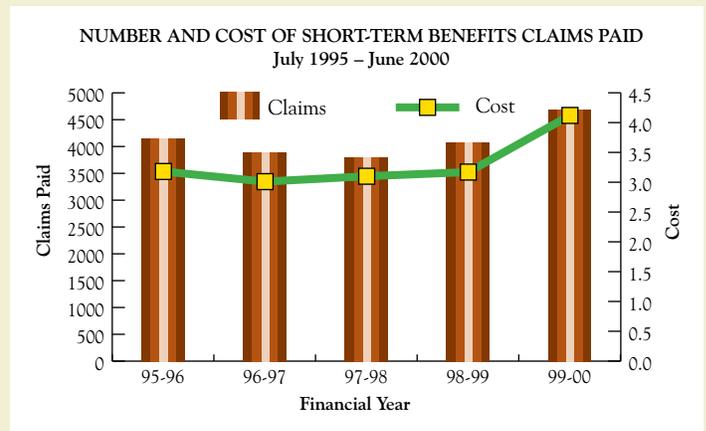
When compared to the previous financial year, cost of employment injury claims paid increased by 90.14%. The above increase was partly due to the following factors:

1. While there was a marginal decline in the number of female injury cases, male employment injury cases grew by 63.53%.

4.1.2 Sickness Allowance

Due to a 7% rise in the number of sickness allowance claims per thousand active contributors, total claims paid rose by 11.26% to 4942 whilst expenditure increased by 25% to \$1.47M. Average duration of claims paid remained unchanged at 8 days.

Figure: 5



4.1.3 Maternity

After three consecutive declines (1997-1999), the number of maternity allowances paid during the financial year ending June 2000, increased by 26.16% to 955 at a total cost of \$1.65M. Notwithstanding the increase in claims paid, the rate of maternity allowances per thousand active contributors was consistent with that for previous years and presently stands at approximately 47. Average duration of claims paid rose by 3.33% to 68.46 days. A total of 1050 maternity grants were paid at a cost of \$0.64M.



4.4 Funeral Grants

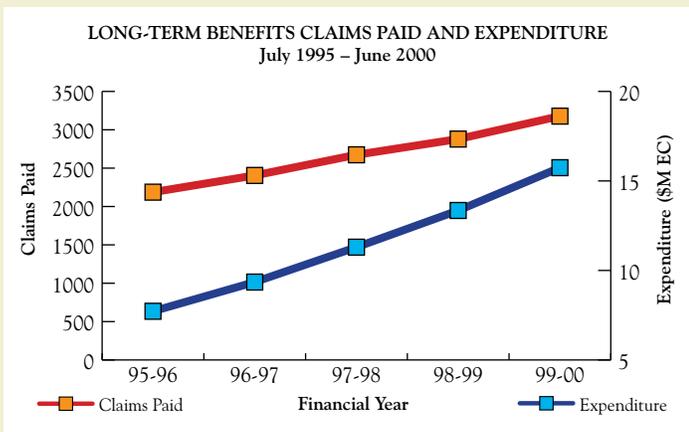
In the review period, the rate of male funeral grants per thousand active male contributors increased by 25% to 5. Consequently, the impact of this increased rate was a 28.21% growth in male grants awarded. The total cost of funeral grants paid rose by 29%.

4.2 Long-term Benefit Branch

This branch of benefits includes retirement pension, survivors pension, invalidity pension, disablement pension, Retirement grant, survivors grant, invalidity grant and disablement grant.

A total of 2954 long-term benefit claims were paid at a cost of \$15.74M. The cost of long-term benefits continued its expansion trend and recorded a further increase of 18%.

Figure: 6

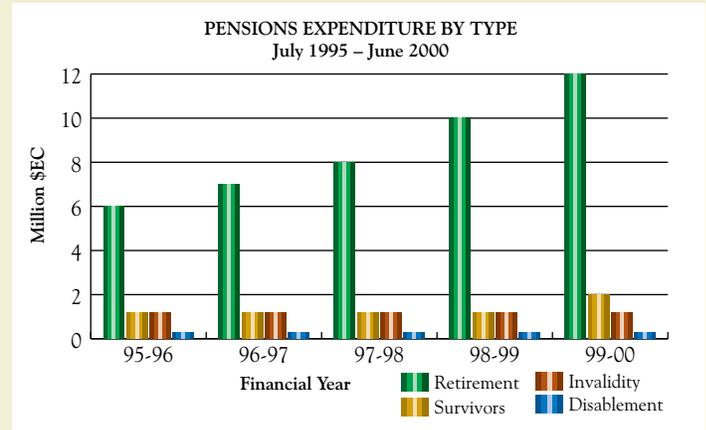


4.2.1 Pensions

During the financial year in review, 2894 pensions (retirement- 2084, survivors- 601, invalidity- 203 and disablement- 6) were paid at a total cost of \$14.93M. Collectively, pensions paid rose by 11% whilst its expenditure experienced a further increase of 19%. In fact, during the last five years, total cost of pensions has consistently grown at an annual rate of 19%.

Of the pensions covered by the National Insurance, retirement pensions escalating cost coupled with projected future growth in the rate of new pensions, is a matter of concern for this organization. During the financial periods July 1995 to June 2000, cost of retirement pensions increased at an average annual rate of 20%; cost of retirement pensions in the review period rose by \$1.85M to approximately \$12.0M.

Figure: 7



Collectively, during the fiscal period July 1999 - June 2000, 391 new pensions were awarded at a monthly cost of \$215,942. When compared to the previous financial year, the above pensions awarded increased by 15%- retirement accounted for 68% of new pensions or 265, invalidity- 8% or 31 and Survivorship- 24% or 95. Further examination of new pensions revealed an average monthly pension of \$637 for retirement, invalidity- \$576 and survivorship- \$307.

As at 30th June 2000 the National Insurance recorded a total of 2746 active pensioners with a monthly expenditure of \$1.23M; retirement accounted for 74% of active Pensions, invalidity- 7% and survivorship- 19%.

4.2.2 Long-term Grants

After recording a 12% decline in '98-'99, long-term grants awarded rose by 9% to 284 in the review period. In contrast, cost of grants experienced a further decline of 3.30% from \$0.84M in '98-'99 to \$0.81 in '99-'00.

Figure: 8

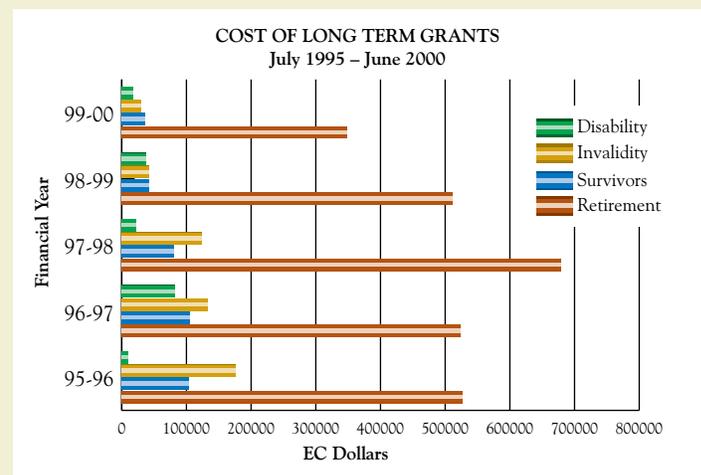


TABLE: 1
NATIONAL INSURANCE CONTRIBUTION INCOME
 (July, 1995 - June, 2000)

FINANCIAL YEAR	CONTRIBUTION INCOME (\$ MILLION E.C)					
	Current	%	Past - Due	%	Total	%
July 1995 - June 1996	11.26	29.25%	27.24	70.75%	38.50	100.00%
July 1996 - June 1997	13.37	33.91%	26.06	66.09%	39.43	100.00%
July 1997 - June 1998	13.33	34.61%	25.19	65.39%	38.52	100.00%
July 1998 - June 1999	13.41	29.71%	31.73	70.29%	45.14	100.00%
July 1999 - June 2000	20.72	43.00%	27.47	57.00%	48.19	100.00%

Source: N.I.S Statistics, Training and Research Department

TABLE: 2
CONTRIBUTION INCOME BY ECONOMIC SECTOR
 (July 1995 - June 2000)

ECONOMIC SECTOR	FINANCIAL YEAR				
	99-00	98-99	97-98	96-97	95-96
Agriculture, Hunting, Forestry and Fishing	1,523,893	1,294,544	1,508,992	1,746,675	1,947,702
Mining and Quarrying	129,434	122,891	92,031	87,616	64,768
Manufacturing	3,831,764	4,021,337	3,561,741	3,540,399	3,676,549
Electricity, Gas and Water supply	1,650,080	1,823,074	1,605,883	1,244,877	944,240
Construction	3,645,561	2,101,417	1,350,019	2,063,108	1,935,157
Wholesale and Retail Trade	7,211,249	6,629,222	5,721,054	5,390,722	5,027,540
Restaurants and Hotels	9,444,719	8,566,617	7,959,204	8,462,154	8,574,866
Transport, Storage and Communication	3,374,205	3,124,405	3,030,519	3,012,945	3,011,267
Financial Intermediations	3,749,058	3,781,286	3,445,476	3,383,186	3,112,471
Real-estate/ Renting /Business Services	3,709,908	3,393,898	2,992,606	2,766,668	2,568,181
Public Administration and Defence, Compulsory Social Security, Education, Health and Social work	6,801,379	7,849,684	5,282,484	5,802,521	5,950,988
Community, Social / Personal Services, Households with employed persons and Extra-territorial organisation and bodies	2,615,199	2,103,145	1,776,395	1,754,414	1,707,344
Activities not adequately defined	507,085	331,672	196,947	171,825	118,354
Total	48,193,534	45,143,192	38,523,351	39,427,110	38,639,427

Source: N.I.S Statistics, Training and Research Department



Table: 3
ACTIVE INSURED POPULATION BY INDUSTRIAL CLASSIFICATION
 (July 1997 -June 2000)

ECONOMIC SECTOR	FINANCIAL YEAR					
	99-00	%	98-99	%	97-98	%
Agriculture, Hunting, Forestry and Fishing	1,569	3.83	2,166	5.49	1,940	5.40
Mining and Quarrying	97	0.24	65	0.16	63	0.18
Manufacturing	4,491	10.95	4,512	11.44	4,521	12.59
Electricity, Gas and Water supply	708	1.73	665	1.69	677	1.89
Construction	3,603	8.79	3,361	8.52	2,020	5.63
Wholesale and Retail Trade	7,019	17.12	6,436	16.31	5,964	16.61
Restaurants and Hotels	7,104	17.33	6,256	15.86	6,189	17.24
Transport, Storage and Communication	2,210	5.39	1,899	4.81	1,896	5.28
Financial Intermediations	1,925	4.69	1,882	4.77	2,041	5.68
Real-estate/ Renting /Business Services	2,988	7.29	2,477	6.28	2,506	6.98
Public Administration and Defence, Compulsory Social Security, Education, Health and Social work	5,888	14.36	7,120	18.05	5,826	16.23
Community, Social / Personal Services, Households with employed persons and Extra-territorial organisation and bodies	2,232	5.44	1,897	4.81	1,861	5.18
Activities not adequately defined	1,170	2.85	714	1.81	398	1.11
Total	41,004	100.00	39,450	100.00	35,902	100.00

Source: N.I.S Statistics, Training and Research Department



Table: 4
NEW ENTRANTS BY AGE GROUP
 (July 1996-June 2000)

AGE GROUP	FINANCIAL YEAR				
	99-00	98-99	97-98	96-97	95-96
16-19	3,071	2,939	2,502	2,913	2,673
20-24	826	766	622	1,129	951
25-29	194	176	200	289	262
30-34	156	153	141	205	249
35-39	163	124	111	119	173
40-44	76	74	59	86	139
45-49	55	64	57	87	139
50-54	67	52	64	94	112
55-59	53	70	61	88	112
60-64	40	44	45	46	68
GE 65	35	33	39	56	68
Total	4,736	4,495	3,901	5,112	4,946

Source: N.I.S Statistics, Training and Research Department

Table: 5
NEW ENTRANTS WHO REGISTERED FOR EMPLOYMENT
 (July 1996-June 2000)

AGE GROUP	FINANCIAL YEAR				
	99-00	98-99	97-98	96-97	95-96
16-19	1922	1751	1482	1197	1084
20-24	473	434	337	357	311
25-29	118	95	101	98	77
30-34	91	89	67	84	69
35-39	74	59	53	44	46
40-44	37	30	21	30	37
45-49	26	24	20	16	19
50-54	20	14	13	15	11
55-59	12	10	11	12	11
60-64	6	3	3	2	3
GE 65	5	1	2	2	3
Total	2,784	2,510	2,110	1,857	1,671

Source: N.I.S Statistics, Training and Research Department



Table: 6
**REGISTERED EMPLOYERS BY INDUSTRIAL CLASSIFICATION AND STATUS
AS AT 30TH JUNE 2000**

ECONOMIC SECTOR	STATUS			Total
	Active	Closed	Dormant	
Agriculture, Hunting, Forestry and Fishing	131	196	15	342
Mining and Quarrying	7	8	0	15
Manufacturing	239	234	26	499
Electricity, Gas and Water supply	18	10	1	29
Construction	165	280	52	497
Wholesale and Retail Trade	505	498	53	1056
Restaurants and Hotels	291	282	28	601
Transport, Storage and Communication	128	72	8	208
Financial Intermediations	85	52	7	144
Real-Estates, Renting and Buisness Services	291	308	40	639
Public Administration and Defence, Compulsory Social Security, Education, Health/Social Work	199	125	16	340
Community, Social and Personal Services, Household with employed persons and Extra- Territorial Organization and Bodies	648	968	125	1741
Activities not adequately defined	22	15	2	39
Total	2729	3048	373	6150

Source: N.I.S Statistics, Training and Research Department



Table: 7
ACTIVE EMPLOYERS BY INDUSTRIAL CLASSIFICATION
 (July 1997- June 2000)

ECONOMIC SECTOR	June '00	June '99	June '98	June '97
Agriculture, Hunting, Forestry and Fishing	131	106	94	88
Mining and Quarrying	7	6	5	5
Manufacturing	239	192	170	156
Electricity, Gas and Water supply	18	14	13	13
Construction	165	132	115	101
Wholesale and Retail Trade	505	445	400	350
Restaurants and Hotels	291	226	192	169
Transport, Storage and Communication	128	102	83	75
Financial Intermediations	85	80	75	70
Real-Estates, Renting and Buisness Services	291	259	242	223
Public Administration and Defence, Compulsory Social Security, Education, Health/Social Work	199	184	169	156
Community, Social and Personal Services, Household withemployed persons and Extra- Territorial Organization and Bodies	648	508	429	390
Activities not adequately defined	22	18	8	8
Total	2729	2272	1995	1804

Source: N.I.S Statistics, Training and Research Department



Table: 8
CONTRIBUTING EMPLOYERS BY INDUSTRIAL CLASSIFICATION
 (July 1995 - June 2000)

ECONOMIC SECTOR	FINANCIAL YEAR				
	99-00	98-99	97-98	96-97	95-96
Agriculture, Hunting, Forestry and Fishing	122	97	106	106	113
Mining and Quarrying	8	5	5	5	4
Manufacturing	187	170	160	167	161
Electricity, Gas and Water supply	18	15	15	12	12
Construction	98	91	85	89	87
Wholesale and Retail Trade	452	431	416	417	396
Restaurants and Hotels	236	219	195	183	176
Transport, Storage and Communication	104	86	72	74	69
Financial Intermediations	90	89	83	77	73
Real-Estates, Renting and Buisness Services	242	234	228	225	221
Public Administration and Defence, Compulsory Social Security, Education, Health/Social Work	188	175	157	147	156
Community, Social and Personal Services, Household with employed persons and Extra- Territorial Organization and Bodies	622	536	495	480	465
Activities not adequately defined	91	20	22	26	30
Total	2458	2168	2039	2008	1963

Source: N.I.S Statistics, Training and Research Department



Table: 9
NEWLY REGISTERED EMPLOYERS BY INDUSTRIAL CLASSIFICATION
 (July 1995 - June 2000)

ECONOMIC SECTOR	FINANCIAL YEAR				
	99-00	98-99	97-98	96-97	95-96
Agriculture, Hunting, Forestry and Fishing	27	14	10	8	13
Mining and Quarrying	1	1	0	0	3
Manufacturing	40	26	18	27	26
Electricity, Gas and Water supply	4	1	0	1	0
Construction	30	25	24	24	14
Wholesale and Retail Trade	60	56	63	50	66
Restaurants and Hotels	53	41	40	32	36
Transport, Storage and Communication	26	20	9	8	12
Financial Intermediations	5	5	5	10	5
Real-Estates, Renting and Buisness Services	26	18	24	28	20
Public Administration and Defence, Compulsory Social Security, Education, Health/Social Work	17	16	15	14	17
Community, Social and Personal Services, Household with employed persons and Extra- Territorial Organization and Bodies	137	107	77	75	63
Activities not adequately defined	6	13	4	3	0
Total	432	343	289	280	275

Source: N.I.S Statistics, Training and Research Department



Table: 10

SHORT-TERM BENEFITS PAID BY TYPE

July 1995 - June 2000

SHORT-TERM BENEFITS	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Employment Injury	206	143	90	120	173
Sickness Allowance	3,793	3,539	3,640	4,442	4,942
Maternity Allowance	965	899	857	757	949
Maternity Grant	1,118	1,019	963	878	1,050
Funeral Grant	92	81	110	121	143
Medical Expenses*	-	68	58	48	63
Total	6,174	5,681	5,660	6,318	7,257

*Exclude claims relating to the \$3.0M paid to the Ministry of Health for medical health programme

Source: Statistics, Training And Research Department

Table: 11

SHORT-TERM BENEFITS EXPENDITURE BY TYPE

July 1995 - June 2000

SHORT-TERM BENEFITS	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Employment Injury	111,282	76,921	34,871	62,181	118,232
Sickness Allowance	992,610	946,681	1,074,923	1,172,699	1,465,751
Maternity Allowance	1,438,476	1,411,019	1,389,148	1,287,147	1,654,696
Maternity Grant	503,100	459,900	438,750	458,850	637,400
Funeral Grant	134,400	119,658	164,798	192,250	248,100
Medical Expenses*	3,000,000	3,014,257	3,008,412	3,007,158	3,007,120
Total	6,179,868	6,028,436	6,110,902	6,180,285	7,131,299

* Include the annual amount of \$3.0M paid to the Ministry of Health for medical health programme.

Source: Statistics, Training And Research Department



Table: 12

LONG-TERM BENEFITS PAID BY TYPE

July 1995 - June 2000

LONG-TERM BENEFITS	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Retirement Pension	1,306	1,489	1,682	1,852	2,084
Survivors Pension	472	468	521	574	601
Invalidity Pension	162	161	170	187	203
Disablement Pension	4	5	5	6	6
Retirement Grant	197	232	233	192	217
Survivors Grant	23	25	36	34	31
Invalidity Grant	20	20	23	28	34
Disablement Grant	3	5	4	6	2
Total	2,187	2,405	2,674	2,879	3,178

Source: Statistics, Training And Research Department

Table: 13

LONG-TERM BENEFITS EXPENDITURE BY TYPE

July 1995 - June 2000

LONG-TERM BENEFITS	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Retirement Pension	5,774,626	6,975,192	8,347,110	10,107,984	11,955,278
Survivors Pension	891,414	1,001,275	1,157,634	1,328,206	1,569,037
Invalidity Pension	608,805	729,534	876,795	1,051,229	1,380,837
Disablement Pension	17,187	17,767	18,767	19,512	21,598
Retirement Grant	347,318	511,101	678,752	523,055	526,657
Survivors Grant	36,294	40,991	80,452	104,900	102,514
Invalidity Grant	29,769	41,999	123,474	132,128	174,813
Disablement Grant	17,380	36,844	21,303	8,185	9,758
Total	7,722,793	9,354,703	11,304,287	13,348,849	15,740,492

Source: Statistics, Training And Research Department



Table: 14

BENEFITS EXPENDITURE BY BRANCH

July 1995 - June 2000

BENEFIT BRANCH	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Long-term					
Retirement	6,121,944	7,486,293	9,025,862	10,631,039	12,481,935
Survivorship	927,708	1,042,266	1,238,086	1,433,106	1,671,551
Incapacitation	673,141	826,144	1,040,339	1,284,704	1,587,006
Sub-total	7,722,793	9,354,703	11,304,287	13,348,849	15,740,492
Short-term					
Employment Injury	111,282	76,921	34,871	62,181	118,232
Sickness	992,610	946,681	1,074,923	1,172,699	1,465,751
Maternity	1,941,576	1,870,919	1,827,898	1,745,997	2,292,096
Funeral	134,400	119,658	164,798	192,250	248,100
Medical Expenses*	3,000,000	3,014,257	3,008,412	3,007,158	3,007,120
Sub-total	6,179,868	6,028,436	6,110,902	6,180,285	7,131,299
Grand-total	13,902,661	15,383,139	17,415,189	19,529,134	22,871,791

* Include the annual amount of \$3.0M paid to the Ministry of Health for medical health programme.

Source: Statistics, Training And Research Department

Table: 15

BENEFITS PAID BY BRANCH

July 1995 - June 2000

BENEFIT BRANCH	FINANCIAL YEAR				
	95-96	96-97	97-98	98-99	99-00
Long-term					
Retirement	1,503	1,721	1,915	2,044	2,301
Survivorship	495	493	557	608	632
Incapacitation	189	191	202	227	245
Sub-total	2,187	2,405	2,674	2,879	3,178
Short-term					
Employment Injury	206	143	90	120	173
Sickness	3,793	3,539	3,640	4,442	4,942
Maternity	2,083	1,918	1,820	1,635	1,999
Funeral	92	81	110	121	143
Medical Expenses*	-	68	58	48	63
Sub-total	6,174	5,749	5,718	6,366	7,320
Grand-total	8,361	8,154	8,392	9,245	10,498

*Exclude claims relating to the \$3.0M paid to the Ministry of Health for medical health programme

Source: Statistics, Training And Research Department



AUDITORS' REPORT

To the Board of Directors of National Insurance Scheme

We have audited the balance sheet of National Insurance Scheme as at June 30, 2000 and the statements of changes in reserves, income and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the management of National Insurance Scheme. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As disclosed in Notes 2(b) and (d) these financial statements do not include:-

- (i) contributions due to National Insurance Scheme which had not been received as at June 30, 2000;
- (ii) surcharges on contributions in arrears which have been levied but which remained uncollected as at June 30, 2000;

In our opinion, except for the failure to record contributions and surcharges due but not received as at June 30, 2000, these financial statements present fairly, in all material respects, the financial position of National Insurance Scheme as at June 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Chase, Skeete & Boland.

Chartered Accountants
Castries, St. Lucia
September 15, 2000



NATIONAL INSURANCE SCHEME

Balance Sheet

As at June 30, 2000

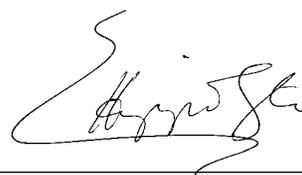
	Notes	2000 \$	1999 \$
ASSETS			
Current Assets			
Cash		5,861,169	2,557,749
Accounts receivable	3	20,165,622	19,795,489
Other assets	4	255,688	3,258,720
		26,282,479	25,611,958
Property, Plant and Equipment	5	2,656,691	2,569,020
Investments	6	507,389,343	457,437,728
Deferred Asset	7	717,410	896,763
TOTAL ASSETS		537,045,923	486,515,469
LIABILITIES AND RESERVES			
Current Liabilities			
Bank overdraft		77,417	181,447
Accounts payable and accrued liabilities		1,878,790	4,713,300
		1,956,207	4,894,747
Reserves	8		
Short-term Benefits		8,074,000	7,719,000
Long-term Benefits		518,686,716	466,287,722
Administrative		8,329,000	7,614,000
		535,089,716	481,620,722
TOTAL LIABILITIES AND RESERVES		537,045,923	486,515,469

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

SIGNED ON BEHALF OF THE BOARD



Mr. John C. Joseph
Director



Ms. Emma Hippolyte
Director



NATIONAL INSURANCE SCHEME

Statement of Changes in Reserves

For the Year Ended June 30, 2000

	Short-term Benefits \$	Long-term Benefits \$	Administrative \$	Total \$
Balance at June 30, 1998	7,400,000	418,704,217	6,952,000	433,056,217
Net income for the year	1,278,841	46,002,444	1,283,220	48,564,505
Transfers to/(from) reserves	(959,841)	1,581,061	(621,220)	0
Balance at June 30, 1999	7,719,000	466,287,722	7,614,000	481,620,722
Net income for the year	1,169,840	49,377,490	2,921,664	53,468,994
Transfers to/(from) reserves	(814,840)	3,021,504	(2,206,664)	0
Balance at June 30, 2000	8,074,000	518,686,716	8,329,000	535,089,716

Statement of Income and Expenditure

For the Year Ended June 30, 2000

	SHORT-TERM BENEFITS		LONG-TERM BENEFITS		ADMINISTRATIVE		TOTAL	
	2000 \$	1999 \$	2000 \$	1999 \$	2000 \$	1999 \$	2000 \$	1999 \$
INCOME								
Contributions	4,813,014	4,511,738	38,022,809	35,642,734	5,294,315	4,962,912	48,130,138	45,117,384
Investments	3,239,759	2,799,023	25,594,095	22,112,283	3,563,735	3,078,925	32,397,589	27,990,231
Other	177,706	197,521	1,403,877	1,560,415	195,477	217,273	1,777,060	1,975,209
TOTAL INCOME	8,230,479	7,508,282	65,020,781	59,315,432	9,053,527	8,259,110	82,304,787	75,082,824
EXPENDITURE								
Benefits	4,060,639	3,229,441	15,643,291	13,312,988	0	0	19,703,930	16,542,429
Medical Health Programme	3,000,000	3,000,000	0	0	0	0	3,000,000	3,000,000
Administrative expenses	0	0	0	0	6,131,863	6,975,890	6,131,863	6,975,890
TOTAL EXPENDITURE	7,060,639	6,229,441	15,643,291	13,312,988	6,131,863	6,975,890	28,835,793	26,518,319
NET INCOME FOR THE YEAR	1,169,840	1,278,841	49,377,490	46,002,444	2,921,664	1,283,220	53,468,994	48,564,505

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



NATIONAL INSURANCE SCHEME

Statement of Cash Flows

For the Year Ended June 30, 2000

	2000 \$	1999 \$
Cash Flows from Operating Activities		
Net income for the year	53,468,994	48,564,505
Adjustments for:		
Depreciation	478,918	436,032
Gain on disposal of property, plant and equipment	(19,274)	0
Amortisation of deferred infrastructure costs	179,352	179,352
Interest income	(26,676,002)	(24,167,154)
Operating income before working capital changes	27,431,988	25,012,735
Decrease in accounts receivable	198,859	1,529,219
Decrease/(increase) in other assets	3,003,032	(2,980,673)
(Decrease)/increase in accounts payable and accrued liabilities	(2,834,509)	1,777,140
Net cash generated from operating activities	27,799,370	25,338,421
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(567,710)	(489,359)
Proceeds on sale of property, plant and equipment	20,395	0
Increase in investments	(49,951,615)	(49,680,587)
Interest received	26,107,010	21,561,320
Net cash used in investing activities	(24,391,920)	(28,608,626)
Increase/(Decrease) in Net Cash	3,407,450	(3,270,205)
Net Cash - Beginning of Year	2,376,302	5,646,507
Net Cash - End of Year	5,783,752	2,376,302
Cash	5,861,169	2,557,749
Bank overdraft	(77,417)	(181,447)
Net Cash - End of Year	5,783,752	2,376,302

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



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

1. Introduction

The National Insurance Scheme is engaged in the provision of social security services.

The financial statements are prepared in Eastern Caribbean Dollars and rounded to the nearest dollar.

2. Significant Accounting Policies

(a) Overall Policy

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements.

The financial statements have been drawn up in accordance with International Accounting Standards.

There have been no changes in accounting policy from the previous year.

The financial statements have been prepared in accordance with the historical cost convention.

(b) Contributions

Contributions reflect only amounts received from members and do not include contributions due to the National Insurance Scheme which had not been received as at June 30, 2000.

(c) Benefits

Benefits include amounts paid, and claims reported but not paid.

(d) Surcharges

Surcharges include amounts received from members, but exclude surcharges levied but uncollected as at June 30, 2000.

(e) Depreciation

Depreciation is calculated on the straight line basis, so as to write off the cost of property, plant and equipment over their estimated useful lives as follows: -

Motor vehicles	5 years
Furniture and equipment	10 years
Computer hardware	5 years
Computer software	5 years
Generators	5 years



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

2. Significant Accounting Policies (Cont'd)

(f) Investments

Investments in bonds, treasury bills, loans, shares and investment properties are stated at cost, less any permanent diminution in value. The investment in the 75% owned subsidiary company, St. Lucia Mortgage Finance Co. Ltd. is also stated at cost. The accounts of the subsidiary company have not been consolidated in these financial statements as the impact on income and net assets of its inclusion is not material.

(g) Interest Accrual

It is the policy of National Insurance Scheme to accrue interest on all loans unless specifically determined to be uncollectable.

(h) Deferred Infra-Structure Costs

Deferred infrastructure costs are being written off on the straight-line basis over fifteen years.

(i) Foreign Exchange

Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the Statement of Income and Expenditure.

(j) Accounts Receivable

Accounts receivable and amounts due from related parties and other receivables represent the principal amounts due at the balance sheet date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(k) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent the principal amounts outstanding at the balance sheet date plus, where applicable, any accrued interest.



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

(3) Accounts Receivable

	2000	1999
	\$	\$
Utilities receivable	1,489,597	1,057,671
Rental charges receivable	103,432	855,325
Staff loans and advances	749,622	626,427
Other receivables	7,089	9,176
	2,349,740	2,548,599
Interest receivable	17,815,882	17,246,890
	20,165,622	19,795,489

(4) Other Assets

	2000	1999
	\$	\$
Prepaid insurance	255,688	258,720
National Commercial Bank - underwriting agreement	0	3,000,000
	255,688	3,258,720



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

5. Property, Plant and Equipment

	Motor Vehicles \$	Furniture and Equipment \$	Computer Hardware \$	Computer Software \$	Generators \$	Total \$
Cost						
Balance - beginning of year	329,045	2,657,198	788,310	403,872	306,430	4,484,855
Additions	65,855	337,701	83,513	61,641	19,000	567,710
Disposals	(59,500)	(1,121)	0	0	0	(60,621)
Balance - end of year	335,400	2,993,778	871,823	465,513	325,430	4,991,944
Accumulated Depreciation						
Balance - beginning of year	212,350	530,128	514,278	352,649	306,430	1,915,835
Depreciation charge for the year	51,141	299,266	102,156	22,555	3,800	478,918
Eliminated on disposal	(59,500)	0	0	0	0	(59,500)
Balance - end of year	203,991	829,394	616,434	375,204	310,230	2,335,253
Net Book Value - End of Year	131,409	2,164,384	255,389	90,309	15,200	2,656,691
Net Book Value - Beginning of Year	116,695	2,127,070	274,032	51,223	0	2,569,020



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

6. Investments

	2000 \$	1999 \$
FIXED DEPOSITS		
Barclays Finance Corporation	23,140,000	4,140,000
St. Lucia Co-operative Bank (Castries)	12,446,118	12,109,876
St. Lucia Co-operative Bank (Vieux Fort)	4,763,870	4,763,870
National Commercial Bank (Castries)	50,049,959	50,502,178
National Commercial Bank (Vieux Fort)	3,368,350	3,368,350
National Commercial Bank (Soufriere)	5,068,694	5,068,694
Bank of Nova Scotia	44,002,892	27,386,962
Royal Bank of Canada	3,256,217	18,925,599
C.I.B.C. Caribbean Ltd.	20,217,350	26,514,770
Caribbean Banking Corporation Ltd.	18,436,766	24,730,996
St. Lucia Venture Capital Fund	250,000	250,000
St. Lucia Development Bank	5,797,113	4,217,861
Barclays Bank Plc	3,989,594	2,668,526
British American	500,000	0
Total fixed deposits	195,286,923	184,647,682
NOTES AND BONDS		
Government of St. Lucia	18,600,000	18,600,000
Eastern Caribbean Home Mortgage Bank	5,000,000	7,500,000
Royal Merchant Bank	7,719,578	2,716,970
	31,319,578	28,816,970
TREASURY BILLS	14,873,820	14,873,820
LOANS		
(a) Statutory Bodies		
National Development Corporation	1,151,617	1,151,617
Urban Development Corporation	600,000	600,000
St. Lucia Housing Authority	34,009,187	32,346,332
St. Lucia Development Bank	45,918,792	41,915,923
St. Lucia Air and Sea Ports Authority	10,921,528	12,722,808
	92,601,124	88,736,680



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements For the Year Ended June 30, 2000

6. Investments (Cont'd)

	2000 \$	1999 \$
(b) Private Sector		
St. Lucia Electricity Services Ltd.	14,619,127	16,748,351
St. Lucia Mortgage Finance Co. Ltd.	22,125,000	23,550,000
Cul-de-Sac Industrial Zone Ltd.	9,100,000	9,100,000
Laborie Co-operative Credit Union	112,818	343,281
National Research and Development Foundation	1,066,293	522,799
St. Lucia Civil Service Co-operative Credit Union Ltd.	8,985,000	1,316,197
St. Lucia Workers Credit Co-operative Society Ltd.	314,879	372,570
St. Lucia Development and National Commercial Holdings Ltd.	8,645,229	9,347,532
St. Jude Hospital	47,200	47,200
Financial Investment and Consultancy Services Ltd.	647,475	3,000,000
Castries Car Park Facility	10,405,464	0
National Insurance Property Development and Management Company Limited	1,690,477	0
	77,758,962	64,347,930
Total Loans	170,360,086	153,084,610
INVESTMENTS IN SHARES		
St. Lucia Electricity Services Ltd. 1,401,496 ordinary shares	14,014,960	14,014,960
Eastern Caribbean Home Mortgage Bank 1,884 class B shares at \$100 each	188,400	188,400
Jalousie - Hilton St. Lucia Shares held on trust by the St. Lucia Government	2,716,970	2,716,970
Castries Car Park Facility Deposit on purchase of shares	1,279,574	1,279,574
Total Investment in Shares	18,199,904	18,199,904
INVESTMENT PROPERTIES	53,393,222	53,393,222
MANAGED ACCOUNTS - SALOMON, SMITH BARNEY	19,534,290	0
INVESTMENT IN SUBSIDIARY COMPANY		
St. Lucia Mortgage Finance Co. Ltd. 828,000 ordinary shares	4,421,520	4,421,520
TOTAL INVESTMENTS	507,389,343	457,437,728



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

6. Investments (Cont'd)

Fixed deposits bear interest between the range of 4% and 8.5%.

Notes and bonds bear interest between the range of 6% and 10.5%.

Treasury bills bear interest between the range of 6.48% and 7.5%.

Loans bear interest between the range of 3% and 10%.

The National Insurance Scheme owns 75% of the issued capital of the subsidiary company, St. Lucia Mortgage Finance Company Limited. Had the accounts of the subsidiary been consolidated then net income would have increased by \$427,079 (1999 - \$429,338) and net assets by \$2,792,279 (1999 - \$2,786,425).

The above figures are based on audited financial statements of St. Lucia Mortgage Finance Co. Ltd. for the year ended December 31, 1999, and unaudited financial statements for the six months ended June 30, 2000.

7. Deferred Asset

	2000 \$	1999 \$
Deferred infrastructure costs	717,410	896,763

Deferred infrastructure costs relate to expenditure incurred for the development of the infrastructure immediately surrounding the National Insurance Scheme properties at Sans Soucis.

8. Income and Reserves

Income for the year is allocated between short-term benefits, long-term benefits and administrative benefits based upon the recommendations of the fourth actuarial review. Reserves at the end of the year are allocated between short-term and administrative reserves based upon expected expenditure in the twelve months succeeding the balance sheet date as estimated by the actuarial review. All other amounts are classified as long-term reserves. These amounts are disclosed in the statement of changes in reserves on page 3.



NATIONAL INSURANCE SCHEME

Notes to the Financial Statements

For the Year Ended June 30, 2000

9. Financial Instruments

In accordance with provisions of International Accounting Standards No. 32, disclosure is required regarding credit risk, interest rate risk and fair value of financial assets and liabilities.

(a) Credit Risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Scheme. The amount of the Scheme's maximum exposure to credit risk is indicated by the carrying value of its financial assets. The Scheme is engaged in the provision of social security services, and financial assets which potentially expose the Scheme to concentrations of credit risk consist primarily of receivables and investments. Receivables are presented net of the allowance for doubtful receivables. Management does not believe significant credit risk exists at June 30, 2000.

(b) Interest Rate Risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Scheme to interest rate risk. The Scheme's exposure and interest rates on its financial assets are disclosed in Note 6.

(c) Fair Value

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Scheme's financial assets are traded in a formal market. Estimated fair values are assumed to approximate their carrying value.

