

Statement by the Honourable Minister of Finance on the Report on the Operations of the National Insurance Board of Trinidad and Tobago (NIBTT) and Audited Financial Statements for the Financial Year ended June 30, 2024

House of Representatives

November 22, 2024

I have been authorised by Cabinet to make this Statement on the Operations of the National Insurance Board of Trinidad and Tobago (NIBTT) and Audited Financial Statements for the Financial Year ended June 30, 2024.

2. Section 13(2) of the National Insurance Act, Chap. 32:01 states that '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 receipt of such report, lay it before Parliament. Today, I would like to outline to this House some of the main highlights of this Report.

3. Key operational statistics as prescribed by Section 13(2A) of the Act during the financial year ended June 30, 2024 for the NIBTT are as follows:

4. The Report noted that the financial year July 1, 2023 through June 30, 2024 was a period of significant institutional development for the NIBTT as the year was marked by considerable organisational progress, with the completion of key milestones in the NIBTT's EMPOWER digital transformation project, including the beginning of the 'design and testing' phase. All modules of the project are on pace to be fully operationalized within FY 2024/2025. There was a strengthening of business activity in the non-energy sector, with increased economic activity in the Construction, Agriculture and Manufacturing sectors. However, despite this increased economic activity, there was a slight decrease in the number of contributors within the NIS in FY 2024.

5. Madam Speaker, the NIBTT was the target of a **ransomware attack** on December 27, 2023. However, subsequent forensic analysis by the NIBTT's cybersecurity specialists revealed no evidence of data exfiltration and no expected risk to sensitive customer information held by the NIBTT.

This event proved to be a catalyst for the NIBTT to reinforce its systems by re-evaluating its cybersecurity strategies and fortifying its defences.

6. During the year ended June 30, 2024, **the number of new employers registering** with the NIBTT increased by just 0.55 percent to 1,647 from 1,638 in 2023. The Active Employer population increased by 1.05 percent to 19,341 in 2024, from 19,140 in 2023. With respect to Employee registration, 25,575 applications for processing in the financial year were determined. Of these, 19,830 or 77.5 percent were new insured persons added to the database in 2024, an increase of 296 or 1.5 percent when compared with 19,534 new registrants in 2023.

7. In the area of **benefit administration**, as at June 30, 2024, 226,618 beneficiaries received a total of \$6.5 billion in benefit payments, which represented an increase in expenditure of 5.45 percent over the \$6,164,000,000 recorded in the previous period. The number of **long-term beneficiaries** increased by 3.49 percent to 202,608 persons in 2024, from 195,859 persons in 2023. Payment to this group, long term beneficiaries totalled \$6.232 billion or 95.9 percent of the total benefit

expenditure recorded in 2024, an increase of 5.99 percent over the \$5,880, 000, 000 of the total benefit expenditure recorded in 2023. The retirement pension accounted for the largest component of long-term benefits, totaling \$5.2billion or 83.45 percent of long-term benefit expenditure. The number of **short-term beneficiaries** decreased by 14.6 percent from 23,292 in 2023 to 19,877 in 2024. Payments to short-term beneficiaries totalled \$193.5 million or 2.98 percent of total benefit expenditure. This represents a decrease of 3.4 percent from \$211.9 million in financial year 2023. Recipients of funeral grants accounted for the largest portion (47.50 percent) of short-term beneficiaries while the maternity benefit also accounted for a high percentage of short-term benefit expenditure.

8. With regard to **employment injury benefits** payment totalled \$74.2 million or 1.14 percent of total benefit expenditure. This represents an increase of 3.23 percent over total employment injury benefit expenditure for 2023 of \$71.9 million. There was a 1.82 percent decrease in the number of beneficiaries, from 4,130 in 2023 to 4,055 in 2024. Employment

injury beneficiaries accounted for just 1.8 percent of the total number of beneficiaries.

9. Madam Speaker, **Contribution Income** collected for the year ended June 2024 was \$4,748,900,000 billion, a total of \$348 million above the budgeted estimate of \$4.4 billion. Income from penalties and interest amounted to \$13 million, an increase of \$1.3 million from the \$11.7 million collected in 2023.

10. In the area of **investment**, as at June 30, 2024, the market value of the investment portfolio of the NIBTT was \$27 billion, reflecting a \$950 million or 3.38 percent decline over the fund size as at June 30, 2023. The decline in the portfolio's market value was mainly attributable to approximately \$370 million in unrealised losses as well as the withdrawal of \$1,960 million to finance the National Insurance (NI) System deficit during the financial year. During the reporting period, the global economy continued to cope with escalating geopolitical tension, and the growing trend of de-globalization and trade protectionism. These factors

contributed to a degree of stagnation in many western economies over 2023. However, there was some rebound in economic activity towards the latter half of the financial year.

11. Further, as at June 30, 2024, approximately 70 percent of NIBTT's portfolio was invested in Trinidad and Tobago, while the remaining 30 percent more or less comprised investments held in North America. The two primary sector exposures were Financial (36.39 percent) and Sovereign (15.28 percent). The NIBTT's overall **equity portfolio** stood at \$17.06 billion or 63 percent of the total fund size at the end of the financial year 2024. This market value represented a decline of \$9.61 million or 0.06 percent when compared to the prior financial year. The Fund's **locally listed equity portfolio** under-performed its benchmark, the ALL T&T Index return of -5.16 percent, by 385 basis points, due to the portfolio's overweight position to specific assets. However, the **international equity portfolio** continued to be the main driver of the National Insurance Fund advancing by approximately 23.97 percent.

12. With regard to the **Fixed Income portfolio**, it decreased by 18.40 percent or \$1.62 billion to \$7.18 billion with a weighted average purchased yield to maturity of 5.06 percent as at June 30, 2024.

13. Madam Speaker, the NIBTT's **investment holdings** recorded a net unrealised investment loss over the period of \$370million driven by unrealised losses in equity investments of \$297 million and fixed income of \$78 million. Conversely, total realised investment income amounted to \$1.26 billion, with its primary drivers being dividend income from local equities of \$411million, gains from the sale of foreign equity holdings in the sum of \$370 million and interest income from local bonds amount to \$343 million.

14. It should also to be noted that the NIBTT's most recent **Strategic Plan** (Vision 2024) expired on June 30, 2024. However, given the resource demand and prioritization of the EMPOWER digital transformation project, NIBTT took a decision to implement a one-year transitional Tactical Plan for FY 2025 in lieu of the development of a new five-year Strategic Plan.

The new five-year planning cycle is expected to resume in 2026.

15. In the area of **digital transformation**, during the financial year ended June 30, 2024, the NIBTT reported significant progress on the 'Configure and Build' as well as the 'Test and Validate' phases of the EMPOWER project. These phases were accompanied by technical reviews as well as change management exercises to ensure that all relevant internal stakeholders have sufficient input into the new system and are apprised of the forthcoming changes in operations. The following milestones were achieved during FY 2024 :

- a. The successful completion and testing of the *Human Capital Management* module within the final quarter of FY 2024;
- b. The completion of the 'Design & Discovery' phase for the Finance and Accounting Fusion module in the second quarter; and

c. The completion of IT EMPOWER Pods as part of the *Nutanix* and *Network Refresh* projects which will provide simpler and improved infrastructure as well as boost the NIBTT's Business Continuity capacity. These works are critical to support the Insurance Operations module, which is currently in the 'Configure and Build' phase.

16. Finally, in the area of **manpower, staff training and welfare**, during the financial year, 39 positions were filled compared to 180 in 2023. As at June 30, 2024, the approved staff complement stood at 755 with a permanent staff headcount of 639. Additionally, the NIBTT exposed a total of 66 employees to 22 training programmes, with 3 being held internally, and 19 being held externally.

Madam Speaker, I thank you.

