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**Summary of Proceedings**

**Public Hearing**

**Joint Select Committee on Finance and Legal Affairs**

Held on **Friday November 17<sup>th</sup>, 2017**

**Subject matter:** An Inquiry into certain aspects of the National Insurance System of Trinidad and Tobago.

**Venue:** A public hearing was held on Friday November 17th, 2017 from 10:34 a.m. to 12:18 p.m. at the J. Hamilton Maurice Meeting Room, Mezzanine Floor, Office of the Parliament, Tower D, The Port of Spain International Waterfront Centre, 1A Wrightson Road, Port-of-Spain.

**Committee Members**

The following Committee Members were present:

- Ms. Sophia Chote SC (Chairman)
- Dr. Lovell Francis, MP
- Mr. Prakash Ramadhar, MP
- Mr. Clarence Rambharat

**Witnesses who appeared**

The following officials of the Ministry of Finance appeared:

- Ms. Jennifer Lutchman - Deputy Permanent Secretary
- Ms. Chintamani Sookoo - Director Agro-based Manufacturing Services Sector (Ag.)
- Mr. Suresh Dan - Senior Business Analyst (Ag.)
- Mr. Shiva Ramroop - Business Support Analyst

The following officials of the National Insurance Board of Trinidad and Tobago (NIBTT) appeared:

- Mrs. Niala Persad-Poliah - Executive Director
- Mr. Feyaad Khan - Executive Manager, Policy, Planning and Actuarial Services
- Mr. Navin Rajkumar - Executive Manager, Investments
- Ms. Sarah Baboolal - Executive Manager, Legal Services
- Ms. Karen Davis-Holder - Executive Manager, Finance and Accounting (Ag.)

The following official of the Bacon, Woodrow and de Souza Limited appeared:

- Mr. Tim Kimpton - Actuary, Managing Director

### **Key Issues Discussed**

The following are the main issues highlighted during discussions with **Ministry of Finance**:

- i. the nature of reporting relationship between the NIBTT and Ministry of Finance;
- ii. the accountability measures implemented by the Ministry of Finance to monitor the activities of NIBTT;
- iii. the Ministry's views on the Ninth Actuarial Review;
- iv. the current status of the National Insurance System (NIS) fund;
- v. the need for wider consultation regarding the future of the NIS;
- vi. the (local and foreign) investment portfolios of the NIS;
- vii. the limitations of the Ministry in exercising oversight of procurement practices of NIBTT; and
- viii. the shortcomings of the National Insurance Act and the need for amendments to include provision for greater Ministerial oversight by the Ministry of Finance and to increase foreign investment limits.

The following are the main issues highlighted during discussions with **National Insurance Board of Trinidad and Tobago (NIBTT)**:

- i. the current state of the NIS fund;
- ii. the likely future of the NIS fund should the necessary reforms be ignored or delayed;

- iii. the level of oversight of the operations of the NIBTT that is achieved through the Board of Directors and the National Insurance Act;
- iv. the relationship between the NIBTT and the Ministry of Finance;
- v. the NIBTT's investment into the River Woods Project and the current status of the project;
- vi. the investment portfolio of the NIBTT and the Investment Policy Statement 2016-2019;
- vii. the relationship between NIBTT and the National Insurance Property Development Company Limited (NIPDEC), Home Mortgage Bank (HMB) and Trinidad and Tobago Mortgage Finance Company (TTMF);
- viii. the lack of oversight of NIPDEC, HMB and TTMF and the recent initiatives by NIBTT to enhance its oversight of these subsidiaries;
- ix. the procurement policy of NIPDEC and the lack of input/guidance by NIBTT in that regard;
- x. the status of the implementation of the recommendations of the 9<sup>th</sup> Actuarial Review;
- xi. the NIBTT intends to pursue the following initiatives in the short-term base on the recommendations of the 9<sup>th</sup> Actuarial Review:
  - raise contribution to 15.6%;
  - freeze the minimum pension at \$3,000;
  - gradually increase the retirement age to 65;
- xii. the status of the investment into Colonial Life Insurance Company Limited (CLICO) and the feasibility of the recovery of invested funds; and
- xiii. the reinforcement of the Investment Policy to include check and balances and eliminate loopholes which existed at the time of the CLICO investment in 2005-2009.

The following are the main issues highlighted during discussions with **Bacon, Woodrow and de Souza Limited**:

- i. the feasibility of the recommendations of the 9<sup>th</sup> Actuarial Review;
- ii. the design and structure of the contribution rate of the NIS system;
- iii. the need for an increase in the contribution rate in the short-term;
- iv. the gradual increase of the retirement age to 65 years and the contribution rate;

- v. the absence of a long-term strategy for the NIS, which was created on the assumed willingness or ability of future generation of workers to fund the benefits of the past generations of workers ;
- vi. the need for the NIS to examine the long-term affordability of its benefits;
- vii. the need to “trim” NIS benefits; and
- viii. the lack of investment opportunities on the local market and the need to expand the foreign investment limit.

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This public hearing can be viewed on demand via our YouTube Channel.

<https://www.youtube.com/watch?v=np--5rrfMcQ>

**Contact the Committee’s Secretary**

[jscfla@tparliament.org](mailto:jscfla@tparliament.org) or 624-7275 Ext. 2282/2277/2284

*Committees Unit*

*Monday 20<sup>th</sup> November, 2017.*