



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

INVESTMENTS DIVISION

F: (I): 2/12/33

March 8, 2023

Ms. Jacqui Sampson-Meiguel
Clerk of the House
Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street
PORT OF SPAIN

Dear Clerk of the House

**Re: Written Responses of the National Insurance Board of Trinidad and Tobago (NIBTT)
to the Recommendations outlined on Pages (6) and seven (7) of the Sixth Report of the
Public Accounts Committee**

Reference is made to the subject at caption. Please see the attached responses submitted by the National Insurance Board of Trinidad and Tobago (NIBTT) to the recommendations of the Public Accounts Committee.

Yours sincerely

Permanent Secretary in the
Ministry of Finance

Encl. 1



(868) 612-9700
ext. 2539/2541



(868) 627-6108



Michelle.DKisson@gov.tt



www.finance.gov.tt

February 24, 2023

Mrs Michelle Durham-Kissoon
Permanent Secretary
Ministry of Finance
Investments Division
Level 15, Finance Building
Eric Williams Financial Complex
Independence Square
PORT OF SPAIN

Dear Mrs. Durham-Kissoon

**RE: SIXTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE
EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE
NIBTT FOR THE FINANCIAL YEARS 2014 TO 2020**

Reference is made to your letter dated February 08, 2023, with respect to the captioned matter, I am pleased to provide below the NIBTT's responses to the proposed recommendations as outlined on pages 6 to 7 of the aforementioned report:

i. The NIBTT Should submit a progress report to Parliament including the following by January 31, 2023;

a. Confirmation of the granting of the relevant regulatory approvals for the HMB-TTMF merger.

Response:

A decision was taken to effect the merger via a Distribution In Specie which would entail HMB becoming a wholly owned subsidiary of TTMF. Subsequently, the assets and liabilities of HMB would be transferred to TTMF and the HMB entity liquidated.

The transaction steps to give effect to the merger are being undertaken in three (3) stages:

Stage 1 - Tri-party agreement and regulatory approval from TTSEC.

Within this stage the execution of the merger agreement amongst the three (3) entities and the approval of the resolutions agreeing to the transaction were completed. The legal review of the transaction was completed in July 2021 with presentation to all three (3) Boards in July 2021. The Merger Agreement was initially executed in August 2021 and

was further amended and executed in November 2022 to reflect the new capital structure. TTSEC approval was received on December 14, 2021, with the completion and approval of the Substantial Shareholders of Registrants (Form 5) pursuant to Section 54 of the Securities Act and By-Law 24 of the Securities By-Laws and Section 51 (1).

Stage 2 - Allotment of shares, waiver from MOF and banking arrangements.

In December 2021 a Waiver of pre-emptive rights by Corporation Sole was submitted for review and approval. In July 2022, a request was made to review the shareholding of NewCo. Advice on a revised share split was proposed along with the additional transaction steps to support the new share split.

Stage 2b – Achievement of the new share split for NewCo. - An amendment of the Articles of TTMF and new resolutions have been drafted for execution including a revised Waiver for Ministry approval. Completion of Stage 2 is now targeted for early 2023. Completion of stage 2 will in effect result in the ‘merger’ of the two entities.

Stage 3 - Transfer of Assets from HMB to TTMF and commence Liquidation.

Work is in progress to review legal contracts to allow for transfer of assets and subsequent commencement of Liquidation procedures. A transfer agreement is being drafted by attorneys and work will progress following completion of Stage 2.

b. An estimated timeline for the full adoption of IFRS.

Response: IFRS or International Financial Reporting Standards refers to a globally accepted set of accounting and financial reporting guidelines for preparing and presenting financial statements. It ensures uniformity in accounting practice that makes financial records comparable across different reporting entities worldwide. Over the years, it has emerged as the new world standard in accounting.

In the context of the National Insurance Board of Trinidad and Tobago (NIBTT), we have adopted all the relevant standards to date with the exception of the consolidation of the subsidiaries under IFRS 10 and 12. This is due to the pending merger of two subsidiaries that are currently owned by the NIBTT. We expect that once the merger is completed and the relevant control has been established, we will move to present consolidated financial statements.

ii. The NIBTT should submit a progress report to Parliament by January 31, 2023 on the successes realised by the implementation of the fraud policy and the strengthening of the internal controls for fraud prevention and detection.

Response: The Investigations and Controls Department (ICD) was formed in July 2019 and had as one of its first assignments driving the adoption, approval and implementation of the Fraud Policy, which was approved by the Board of Directors in November 2019. As part of the implementation strategy, the approved policy was shared with all staff of the

organisation, made available via the corporate intranet and core elements of the policy included in the ICD's annual training plan.

In support of the Fraud Policy, Fraud Reporting Procedures have also been developed and approved. These procedures detail how staff members can report suspicions of fraud in real time to the ICD. These procedures have also been included in the training curriculum for staff training conducted by the ICD as part of its annual training plan.

The Fraud Policy, which gives authority to the ICD to execute fraud investigations on behalf of the NIBTT, has facilitated the completion of just under 100 investigations since 2019 into various suspicions of fraud and/or misconduct. Some of these investigations have resulted in the repatriation of funds to the NIBTT, which were illegitimately received by persons. To date, the ICD has brokered the repayment of over \$100,000 of stolen funds, with approximately 30% of that amount already repaid to the NIBTT. Investigations conducted have also resulted in disciplinary action being taken against four (4) employees, 3 of whom were separated from the organisation. Another three (3) employees have resigned during active investigations in which they were the subjects of such investigations.

Training and education continue to be one of the major tools which has proven to be effective in the prevention and detection of fraud at the NIBTT. Since its establishment in 2019, the ICD has embarked on several initiatives aimed at increasing fraud awareness and sensitizing the employee population so that they can recognise fraud red flags. These include:

- Classroom/virtual fraud awareness staff training sessions. Since 2019, training has been delivered to over 300 members of staff at all levels of the organisation
- Dissemination of fraud content via email blasts to all staff and the Intranet
- Annual Active participation and observance of International Fraud Awareness Week (the NIBTT has commemorated this important international observance for four (4) years running and registered as an official supporter for the last three (3) years). During the week, the NIBTT shares reading material, videos, and print materials with the wider organisation on various anti-fraud topics).
- Delivery of presentation to new employees as part of their orientation to introduce them to the ICD and the organisation's Fraud Policy.

This intense focus on educating the organisation has contributed to an upward trajectory in the number of suspicions reported to the ICD for investigation, both formally and informally. It signals a positive shift of the organisation towards an anti-fraud culture.

Another critical tool in the NIBTT's anti-fraud program, has been that of collaboration with key stakeholders. Information-sharing arrangements have been reached with several key stakeholders which have proven very useful in the successful execution of investigations. This is also going to support significantly in fraud prevention as it allows

the NIBTT to interact with the stakeholders when needed, to provide confirmations where red flags have been identified. Conversations have also begun with representatives of national insurance companies' institutions in other Caribbean countries, with a view to strengthening our understanding of and response to fraud in the Caribbean context.

The ICD, where it has identified gaps in the organisation's internal controls, which may have facilitated and/or contributed to exposing the NIBTT to fraud risk, has made recommendations for the correction of same to reduce such risk in the future. These recommendations form part of a database maintained by the ICD which tracks and monitors the acceptance and implementation of such recommendations. The organisation has taken several steps to enhance its internal controls based on recommendations made. The ICD has also been increasingly consulted in an advisory capacity by the organisation in ensuring that fraud risks are adequately contemplated in the decision-making process. The Manager Investigations and Controls currently sits on the Corporate Policies and Procedures Development Committee and the EMPOWER Executive Steering Committee.

iii – The NIBTT should indicate the average time taken for the determination of claims submitted in FY 2018, FY 2019 and FY 2020, by January 31, 2023.

Response: The table below summarizes the average turn-around-time in days for the determination of claims in the respective financial year.

Branch	Average Turn Around Time in days		
	FY 2018	FY 2019	FY 2020*
Long Term	28	41	52
Short Term	7	11	12
Employment Injury Benefits	28	41	61

*NIBTT financial year runs from July to June each year. For the financial year 2020 (FY 2020) the period March to May 2020 marked the introduction of public health measures to address the COVID-19 pandemic. These measures significantly affected the workflow, particularly the determination of claims.

iv. The NIBTT should submit a brief report to Parliament on the status of the one hundred and twenty-six (126) outstanding claims, including the following, by January 31, 2023.

Response: The table below provides a summary of the status of the one hundred and twenty-six (126) outstanding claims identified in the report.

Status	Count	Percentage
Appeal Matter	1	1%
Claim Disallowed	14	11%

Status	Count	Percentage
Claim Paid	64	51%
Claim settled, awaiting other info	5	4%
No Claim Recorded.	9	7%
Outstanding Claims	33	26%
Grand Total	126	100%

*Note that the majority of the claims have been determined (Disallowed, paid or settled but awaiting other information - 66%). For most of those awaiting other information, the claimant is deceased, and we are awaiting Letters of Administration. Furthermore, 7% were found not to have claims at all. Of the 33 outstanding claims, 18 are under investigation and the remainder (15) are awaiting final settlement or administrative decisions by the NIBTT.

a. Whether any of the delays were due to claims being found defective when initially submitted.

Response: - This information is not easily available on our system. However, this does pose an issue regarding the length of time for the determination of claims.

b. The extent to which qualifying/eligibility issues are responsible for the delays.

Response: Qualifying and eligibility issues do not typically cause delays in the determination of a claim. However, some claims do require investigation which can be lengthy (see below) and can result in an adjustment in contributions for an individual claim. This can ultimately affect the eligibility of the person to receive a benefit.

c. The most important challenges faced in determining these outstanding claims other than (a) and/ (b) above.

Response: The most important challenge in determining the outstanding claims is the process of claim investigation if contributions are determined to be missing or where there are questions about whether an employment relationship exists/existed between the employee and listed employers. These claim investigations usually require a visit to the employers which was particularly difficult during the pandemic.

d. Whether any of the claims were, in fact, determined to be disallowed.

Response: To date fourteen (14) of the claims have been disallowed.

e. The estimated timeline for the determination of the outstanding claims.

Response: The outstanding claims are expected to be fully determined by April 2023.

v. The NIBTT should report to Parliament on the following by January 31, 2023.

a. A brief progress report on initiatives to design, procure and implement an end-to-end ICT enterprise-wide solution, including the procurement of the services of a qualified vendor during FY 2022.

Response: The procurement phase of the project was completed in April 2022, with Fujitsu Caribbean (Trinidad) Limited being awarded the contract to design, implement, and support the ICT end-to-end solution. The Master agreement was signed in May 2022, and Fujitsu Caribbean (Trinidad) Limited commenced work on the project in August 2022 following their mobilisation period. The project has four high-level phases:

1. Discovery and Design
2. Configure/ Build
3. Test/Validate
4. Transition /Launch

The NIBTT is currently at the end of the Discovery and Design phase.

b. The actual sum spent on ICT initiatives described at (a) above as at November 30, 2022, given the estimated cost of \$120 million.

Response: The actual sum spent on ICT initiatives as of November 30, 2022, is \$29,036,884.62.

c. Confirmation of the completion of the record digitization initiative in February 2022.

Response: This project to capture the backlog of NI184 data prior to January 2022 was completed on time and on budget.

d. The date that the Board plans to set for employers to transition to online submissions.

Response: There is currently no fixed date set to transition employers to online submissions. This date will be determined during the project's testing and validation phase and will consider consultation and sensitisation of employers to the new system.

vi. The NIBTT should indicate to Parliament whether any more robust measures could be implemented to strengthen the collection of outstanding contributions by January 31, 2023.

Response: The NIBTT is currently exploring the possibility of a Memorandum of Understanding (MoU) with the Board of Inland Revenue. We believe an important exchange of information between the two organizations (NIBTT and the BIR) will

significantly improve the NIBTT's ability to identify and pursue non-compliant employers.

vi. The NIBTT should provide Parliament with a brief description of how it intends to ensure the long-term integration of the promotion of customer awareness into its future customer engagement beyond the compliance marketing campaign, by January 31, 2023.

Response: A strategic approach that heavily leverages NIBTT's public communication and education is being used to promote customer awareness and reinforce compliance messaging. The following channels are/ will be used to share compliance messaging with members of the public. These channels are not exhaustive, and the marketing mix may be adjusted where necessary:

EMPLOYER DEMOGRAPHIC

- Virtual and in-person employer education seminars.
- Targeted Webinars with Chambers, Associations, ECA membership and other special interest groups.
- Employer Workshops & Engagement Sessions with newly registered employers.
- Marketing collaterals i.e. Employer brochure for new registrants. (The 'Employer's Guide to NIS' booklet will contain useful information on employer obligations, registration, penalties and interest, forms etc. This document is currently being revised and is expected to be available later this year).
- Direct and email marketing of compliance message flyers to employers.

EMPLOYEE DEMOGRAPHIC

- Targeted training with every cohort of On-the-Job trainees (OJT) to reinforce NIS awareness, registration, and compliance. Monthly training is conducted in conjunction with Ministry of Labour or for every new intake of trainees.
- Marketing collaterals i.e. Employee brochure for all new employee registrants. (The 'Employee Guide to NIS' booklet will contain useful information on employee obligations, registration, benefits, forms etc. This document is currently being revised and is expected to be available later this year).
- Employee education seminars, virtual and in-person.
- Employee Workshops & Engagement Sessions.

STUDENT DEMOGRAPHIC

Outreach programmes with tertiary education providers (participation at UTT, UWI, ALJGS, SBCS etc. Orientation & Open Days, Career and Jobs Fairs) to introduce NIS awareness, registration, and compliance to tertiary demographic. Competitions, quizzes, student debates centered around NIS education and obligation of employer and employees for secondary school demographic.

GENERAL PUBLIC

- General Community Outreach/ Caravans – usually spearheaded in conjunction with stakeholders such as Ministry of Labour, THA Labour Division, Ministry of Social Development and Family Services etc.
- Outreach with strategic stakeholders for special occasions e.g. Credit Union Week, Baby Expo, CARE Family Caregivers Conference and Expo, TTARP outreach etc.
- Mall visits/pop-up booths for general NIS awareness and reinforcement of compliance messaging in general, high traffic spaces.
- Social media posts (videos, infographics etc.) to be used.
- NIBTT website to be updated and all compliance information to be accessible to the public.
- Radio & television interviews/ talk shows to reiterate compliance obligations and awareness by all stakeholders.
- Newspaper op-ed /articles for further awareness.
- Compliance messages/artwork on electronic billboards and screens in Health Centres, City Gate etc. (touchpoint locations where members of the public may have long wait times for service).
- Messages to be reiterated on NIBTT's in-house screens located at each Service Centre.

We trust that the above responses meet with your satisfaction and ask that you please contact the undersigned at telephone nos. 625-1107 or 749-1511 or via email at npersad@nibtt.net, should you require any further information or clarification on this matter.

Yours sincerely
For and on behalf of the
National Insurance Board of
Trinidad and Tobago



Niala Persad-Poliah
EXECUTIVE DIRECTOR

:SS